

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
)

DEL MAR SURFSIDE RACE PLACE
DOWNSTAIRS GENERAL ADMISSION AREA
2260 JIMMY DURANTE BOULEVARD
DEL MAR, CALIFORNIA

THURSDAY, JULY 20, 2006

10:00 A.M.

Reported by:
Troy Ray

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Richard B. Shapiro, Chairperson

John Amerman

John Andreini

William A. Bianco

John C. Harris

Jerry Moss

STAFF

Ingrid J. Fermin, Executive Director

Jacqueline Wagner, Staff Services Manager I

Mike Martin, Program Analyst/Public Information Officer

Wendy Voss, Assistant Chief of Administration

Ysanne Rarick

Derry L. Knight

ALSO PRESENT

Jim Henwick, President & CEO, Fairplex

George Bradvica, Fairplex

Drew Couto

Robert Hartman

Peter Tunney

Andy Kure

Ron Charles

Tom Varela

Craig Fravel

APPEARANCES CONTINUED

ALSO PRESENT

Richard Castro

Terry McWilliams

Art Gray

Darrel Haire

Charlie Gordy

John Sharriffs

Jeff Mullins

Douglas Kempt

Bill Sullivan

Melissa Lopez

Eileen Capotosto

Jerry Jamgotchian

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1 PROCEEDINGS

2 EXECUTIVE DIRECTOR FERMIN: Will the meeting come
3 to order, please. Ladies and gentlemen, the meeting will
4 come to order. This is a regular meeting of the California
5 Horse Racing Board on Thursday, July the 20th, 2006, at the
6 Del Mar Surfside Race Place, 2260 Jimmy Durante Boulevard,
7 Del Mar, California.

8 Present at today's meeting are Chairman Richard
9 Shapiro, Vice Chairman -- no, Vice Chairman Marie Moretti is
10 not here. Commissioner John Amerman, Commissioner John
11 Andreini, Commissioner William Bianco, Commissioner John
12 Harris, and Commissioner Jerry Moss.

13 We're going to go into a very -- we're going to go
14 into a very, very brief Executive Session, probably not more
15 than five or ten minutes, and then we will reconvene the
16 meeting.

17 (Thereupon, the Board adjourned to
18 convene the Executive Session.)

19 EXECUTIVE DIRECTOR FERMIN: Ladies and gentlemen,
20 we'd like to reopen the meeting. Before we go on, I'd like
21 to remind everybody that we'd like to have you state your
22 name very clearly, so that our court reporter knows exactly
23 who is speaking.

24 And, also, I'll just take one moment for just
25 myself, personally, I'd like to welcome our new

1 Commissioner, Mr. John Amerman.

2 COMMISSIONER AMERMAN: Well, thank you very much,
3 Ingrid. I'm delighted to be part of the CHRB. I'm
4 delighted to be part of this excellent Board. And I hope, I
5 trust that I'll be able to contribute to improving
6 California racing, that's what it's all about. Thank you,
7 Ingrid.

8 CHAIRPERSON SHAPIRO: Good morning, everybody,
9 welcome to the California Horse Racing Board meeting for the
10 month of July.

11 I, too, would like to welcome John Amerman, who
12 has a long history and wonderful credentials to be a
13 Commissioner on the California Horse Racing Board. And I'm
14 delighted and very much welcome you, and appreciate your
15 becoming a Commissioner, and I'm sure you will be able to
16 assist us in improving California horse racing.

17 COMMISSIONER AMERMAN: Thank you, Mr. Chairman.

18 CHAIRPERSON SHAPIRO: Before the meeting starts, I
19 would like to simply read how this meeting will be conducted
20 so that we are clear on the protocols and procedures.

21 The Board invites comments from the public about
22 items on the agenda. It also invites public comment about
23 items not on the agenda, but are related to horse racing
24 during an open comment period.

25 In order to assure that each individual who wishes

1 to comment will have an adequate opportunity to do so, and
2 also to assure that the meeting as a whole be conducted and
3 completed in a timely manner, so that individuals wishing to
4 comment on multiple matters will not be required to stay for
5 an unreasonable length of time, I will strictly enforce the
6 five-minute time limit for each person wishing to speak on
7 any agenda item.

8 The goal of this rule is to assure that each
9 person's right to make their views known is not disrupted by
10 another person's conduct.

11 In order to expedite the comment process, there is
12 a public comment sign-in sheet for each agenda item on which
13 public comment will be taken, as well as a sheet for comment
14 about anything related to horse racing that is not on the
15 agenda.

16 The sheets are located at the front podium.
17 Wendy, can you --

18 ASSISTANT CHIEF OF ADMINISTRATION VOSS: This
19 podium right here.

20 CHAIRPERSON SHAPIRO: All right, that podium,
21 thank you. Okay. So that I do not mangle it, please be
22 sure that the sheets are completed with your name printed
23 legibly.

24 Just prior to our discussion of the item the
25 comment sheet will be brought to me. After initial

1 statements from staff and interested parties, I will ask for
2 public comment. When I call your name, please come to the
3 podium to speak. I will let you know when your time has
4 commenced, when there is one minute left and when your time
5 is up.

6 When your time is up, you will be expected to
7 return to your seat so that I may call the next person
8 waiting to the podium.

9 When all the names have been called, I will ask if
10 anyone else has a comment on the agenda item, who has not
11 already spoken. At that point, the Board will not take any
12 further comment on an item unless the Board has specific
13 questions it wishes to address.

14 In the interest of time and fairness to those
15 wishing to speak, repetitious statements are not desirable.
16 Thus, if a particular point has previously been made, please
17 simply state that you agree with the prior speaker.

18 Further statements that are off the point or off
19 the agenda, or which address another agenda item will not be
20 permitted.

21 If the time is up, I will ask the speaker to
22 please take his or her seat. If it appears that the speaker
23 is repeating what has previously been stated, I will ask the
24 speaker if he or she has any additional comments to make.
25 If not, I will ask the speaker to allow the next speaker to

1 come to the podium, irrespective of the time remaining,
2 unless a Board member indicates that he or she still wishes
3 to hear from that individual.

4 If it appears that a speaker is not speaking to
5 the agenda item or speaking to another agenda item, I will
6 ask the speaker to please return to his or her seat and
7 address his or her comments at the appropriate time, either
8 on that specific item or at public comment.

9 With that said, we will move on to the agenda.
10 The first item on the agenda is the approval of the minutes
11 of our regular meeting of June 22nd.

12 Does anybody on the Board wish to have any
13 comments, corrections, changes?

14 COMMISSIONER HARRIS: The one item that is on page
15 23, we're talking about Los Alamitos being able to uncouple
16 common ownership of entries and we decided to defer, have
17 the waiver extend through August so that we could decide
18 what we're going to do then. But I think we changed that to
19 actually be the entry date immediately following our August
20 meeting. Because the problem is they have like 72-hour
21 entries there, it could be complicated if we had our meeting
22 on a Thursday and they'd already, by then, taken entries for
23 the weekend and all. So if we could just change that.

24 CHAIRPERSON SHAPIRO: Where are you looking?

25 COMMISSIONER HARRIS: Page 23, of the June 22nd

1 meeting.

2 CHAIRPERSON SHAPIRO: Hold on a second.

3 COMMISSIONER HARRIS: It says, "Commissioner
4 Harris suggested a more appropriate end date would be the
5 day of the Regular Board Meeting at Del Mar in August 2006."
6 If we could just add, after "day," the day following -- the
7 day entries -- actually, the next day the entries are to be
8 taken at Los Alamitos following the August CHRB meeting.

9 CHAIRPERSON SHAPIRO: Okay. Are there any other
10 comments? If not, is there a motion to approve them?

11 COMMISSIONER BIANCO: I make a motion.

12 CHAIRPERSON SHAPIRO: Second?

13 COMMISSIONER MOSS: Second.

14 CHAIRPERSON SHAPIRO: All in favor?

15 (Ayes.)

16 CHAIRPERSON SHAPIRO: It's approved.

17 The next item on our agenda is the application to
18 conduct a horse race meeting of the Los Angeles County Fair
19 at Fairplex.

20 Good morning, Jackie.

21 STAFF SERVICES MANAGER I WAGNER: Good morning,
22 Commissioners. Jacqueline Wagner, CHRB staff.

23 The application before you is from the Los Angeles
24 County Fair at Fairplex. They are proposing to race from
25 September the 8th through September the 25th, which is 16

1 days, the same number of days that they raced in 2005.

2 They are also proposing to race a total of 201
3 races, which is six more than they ran last year. They will
4 be racing Friday through Monday the first week, and
5 Wednesday through Monday the second and third week. Twelve
6 races per day will be run on Monday, Wednesday, and
7 Thursday, and 13 races are proposed for Friday, Saturday and
8 Sunday.

9 They will be racing concurrently with the Pacific
10 Racing Association. A post time of 1:00 p.m. is proposed
11 for Monday, Wednesday, and Thursday, and a 12:00 p.m. post
12 is proposed for Friday, Saturday, and Sunday.

13 I am happy to report that I have received the
14 Horsemen's agreement, as of this morning. The application
15 is complete and we would recommend that the Board approve
16 the application as presented.

17 There are representatives from the fair to answer
18 any questions.

19 CHAIRPERSON SHAPIRO: Thank you. If the
20 representatives would come forward, I'd like to ask a couple
21 questions, and see if anybody else has questions, as well.

22 MR. HENWICK: Good morning, Mr. Commissioner,
23 Commissioners, I would like to state that this year we're
24 excited about our racing and look forward to it. My name's
25 Jim Henwick and I'm President and CEO of Fairplex, and on my

1 right is George Bradvica.

2 CHAIRPERSON SHAPIRO: Good morning, gentlemen.

3 First of all, I would like to simply confirm that you have
4 an agreement in place with respect to PTO-2 testing. That
5 in the event there is a positive during your race meeting,
6 that either through your application, or other agreements
7 that would enable you to place any positive that is
8 determined, such that that trainer's horses would be placed
9 in a detention barn immediately upon that finding. Is that
10 true?

11 MR. HENWICK: That's correct.

12 MR. BRADVICA: That's correct.

13 COMMISSIONER HARRIS: How does that work if the
14 horses are stabled at Hollywood Park or Santa Anita?

15 CHAIRPERSON SHAPIRO: They're still required to go
16 into a detention barn.

17 COMMISSIONER HARRIS: Someplace, yeah.

18 CHAIRPERSON SHAPIRO: Yeah.

19 EXECUTIVE DIRECTOR FERMIN: They would need to go
20 to Fairplex.

21 CHAIRPERSON SHAPIRO: So they'd have to ship into
22 Fairplex and be placed in a detention barn within the time
23 frame?

24 EXECUTIVE DIRECTOR FERMIN: Correct.

25 CHAIRPERSON SHAPIRO: Okay. I note, presently, in

1 your application that you are projecting increases in your
2 handle and your purse generation of about \$300,000, and I'm
3 just curious where all that good, extra money was coming
4 from?

5 MR. BRADVICA: Well, thank you, Commissioners,
6 good morning. George Bradvica, Fairplex.

7 We had an outstanding meet last year, we had a
8 record breaking meet, over \$113 million, an average over
9 \$7.1 million a day. And we're pleased to announce that we
10 can increase our pursues this year based on the good year
11 from last year.

12 CHAIRPERSON SHAPIRO: And do you have excess in
13 the purse funds that are -- from last year, that are
14 available for this year?

15 MR. BRADVICA: Yes, we do.

16 CHAIRPERSON SHAPIRO: Okay. And with respect to
17 your video surveillance, and so forth, at your meet, for
18 stakes races, I read in here that you have -- you will have
19 cameras and surveillance for all horses that qualify for
20 stakes races. I think it's in excess of a hundred thousand
21 dollars or our graded stakes; is that correct?

22 MR. BRADVICA: Commissioner, we do not have graded
23 stakes races at Fairplex so, no, we will not have camera
24 surveillance at stakes races at Fairplex. There was no
25 intention of that, since there are no graded stakes races

1 there.

2 We do have camera surveillance in our detention
3 barn, as required for the detention barn.

4 CHAIRPERSON SHAPIRO: How was it determined in the
5 past that the stakes surveillance would only be limited to
6 graded stakes? You may not know the answer to this, maybe
7 someone else does, but I'm just curious to know how that was
8 determined.

9 Does anybody in the audience know where that
10 criteria came from?

11 EXECUTIVE DIRECTOR FERMIN: From my recall, I
12 believe it came from the Ad Hoc Security Meeting, and also
13 the TOC was part of, as well as CTT, and there were a couple
14 of Commissioners that served on the committee, as well as
15 horsemen.

16 MR. COUTO: Good morning, Drew Couto, Thoroughbred
17 Owners of California.

18 Actually, the tightened surveillance requirements
19 originated with the graded stakes committee. Under control
20 they had advised any racing association that offered a grade
21 stakes that there were going to be certain -- if I recall
22 correctly, certain surveillance increases. In California,
23 as Ms. Fermin just pointed out, the industry got together
24 and ended up coming up with the current program that we
25 have, but the impetus was to be an integrated stakes

1 committee, I believe. Thanks.

2 CHAIRPERSON SHAPIRO: Well, if I can just --
3 before you go running to the back, Mr. Couto --

4 EXECUTIVE DIRECTOR FERMIN: It's too late.

5 CHAIRPERSON SHAPIRO: It's too late. There are
6 four stakes over a hundred thousand dollars at Fairplex, and
7 wouldn't those stakes, in fact, warrant there's video
8 surveillance, whether they're graded or not, in your mind?

9 MR. COUTO: Well, we certainly believe that
10 surveillance is a prudent step to take. We have not
11 required it at this point but, obviously, we would support
12 it and I would assume that the good folks at Pomona would
13 not have a problem with it at Fairplex.

14 CHAIRPERSON SHAPIRO: Would you have a problem if
15 we requested that you do have surveillance for these races
16 that are over a hundred thousand dollars?

17 MR. BRADVICA: We can certainly make that
18 available, if that's what you would like.

19 COMMISSIONER HARRIS: I don't really see why that
20 would be necessary, if we feel the data is consistent,
21 anyway. I mean, there are many hundred thousand dollar
22 stakes in California that don't have it.

23 CHAIRPERSON SHAPIRO: Well, I'm thinking of all
24 stakes over a hundred thousand, I'm not just thinking of
25 Fairplex.

1 COMMISSIONER HARRIS: I mean, I think we've got to
2 believe, either absent the cameras, that we've got a good
3 system. If we think we've got systems that are only viable
4 with cameras, then we're in trouble. I just can't see where
5 the cameras bring that much to the party.

6 CHAIRPERSON SHAPIRO: Okay. I don't know if
7 others have --

8 COMMISSIONER MOSS: Can I ask one small question?

9 CHAIRPERSON SHAPIRO: Sure.

10 COMMISSIONER MOSS: When it comes to detention,
11 what time of the day are stakes horses required to show up
12 for detention?

13 MR. BRADVICA: Well, for detention horses I
14 believe it's a 24-hour detention in advance of the race or I
15 should say in advance of the entries. But we're prepared
16 for that in the event there is a trainer put on detention.

17 COMMISSIONER MOSS: No, but for example, so every
18 horse that's in one of those races, those hundred thousand
19 dollar races, they would be required to show up 24 hours
20 before the race? All the horses running in that particular
21 race would be congregated, is that it?

22 MS. BRADVICA: Excuse me, Mr. Moss, because you're
23 asking about stakes horses, I don't have that answer for
24 you. I could certainly find out, but I don't have the
25 answer for you on the stakes horses.

1 COMMISSIONER HARRIS: Yeah, most horses at Pomona
2 would show up the same day, probably, if they're coming in
3 from Santa Anita, so they wouldn't be there 24 hours before.

4 MR. BRADVICA: We have an inordinant amount of
5 horses shipping into Pomona, because Hollywood is open,
6 Santa Anita is open, and their barn areas are large,
7 relatively speaking, and so there are a lot of horses that
8 ship into Pomona for our meet.

9 COMMISSIONER MOSS: I just wanted to find out what
10 was mandatory, you know.

11 MR. BRADVICA: I'd have to look at the rules for
12 the stakes horses, and that would be under a detention
13 situation, and I don't have that answer for you.

14 COMMISSIONER MOSS: Okay, thank you.

15 MR. COUTO: Drew Couto, again. I just conferred
16 with my colleagues from Bay Meadows and Golden Gate, and all
17 of the Northern California stakes of a hundred thousand or
18 more do, in fact, have surveillance and video cameras on
19 them.

20 CHAIRPERSON SHAPIRO: That was my recollection and
21 that's why when I saw this I was questioning why it wasn't
22 being done, because in Northern California it is done, and I
23 was trying to understand that. I didn't know why here and,
24 again, I'm not trying to take on Fairplex, I'm trying to get
25 uniformity throughout the State, that it would appear to me

1 that if we're doing it in one section of the State for every
2 race over a hundred thousand dollars, we should be doing it
3 throughout the State. Whether we feel that level isn't
4 right, or there should be a change, but at least it should
5 be uniform. And for that reason I, personally would prefer
6 to see there was video surveillance.

7 If there wants to be a security committee that
8 wants to deal with this and come back with a recommendation
9 to author it, I'm fine with it, but I just would like to see
10 it uniform.

11 MR. COUTO: Okay.

12 CHAIRPERSON SHAPIRO: So I, personally, would ask
13 that Fairplex employ the video surveillance for all races of
14 a hundred thousand dollars or more, similar to what's being
15 done in other portions of the State.

16 MR. BRADVICA: Okay, we will get that done. There
17 are five stakes races that would meet that category.

18 CHAIRPERSON SHAPIRO: Great, thank you.

19 MR. BRADVICA: We'd be happy to do that.

20 CHAIRPERSON SHAPIRO: Thank you.

21 COMMISSIONER AMERMAN: I was very pleased to see
22 that you're projecting increases for your meet in 2006, off
23 a very good meet in 2005. I'd be interested to know what
24 you're doing differently this year, as initiatives, and
25 advertising, and promotions that are different from what

1 you've done in the previous years.

2 MR. BRADVICA: One of the major concentrations
3 that we're working on are group sales. That's a big effort
4 on our part. Just two years ago we created a whole new
5 section for a group sales area that could host up to 4,000
6 people in the course of our meet, and that's been a big
7 impetus in our group sales area.

8 We also do the same thing in the box seat section.
9 We have top of the park, we have top of the park terrace,
10 and we continue to look at new areas, what I call new
11 eateries, places that people can socialize, there would be
12 food and beverage. It's the whole social scene that we're
13 working on.

14 And I must say that I've taken a little look at
15 Del Mar to see what they've done, because they've done a
16 tremendous job in that area.

17 So we're working on group sales efforts. But the
18 other thing we work on is cultural lifestyle events that I
19 know get some chuckles, but it really does work. It creates
20 a dynamic situation in the grandstand.

21 Things like poker, that we did last year, which
22 created a big, just a big interest and a lot of excitement
23 in the grandstand. We do bingo in there. We're taking on
24 dominos this year. You've noticed that dominos are on TV,
25 now. It's a whole new cultural lifestyle that people are

1 enjoying.

2 We do aloha Fridays. I mean, Del Mar has all the
3 Hawaiian shirts, we decided to bring them out to Pomona, as
4 well.

5 So we tried to create opportunities for people who
6 don't necessarily, wouldn't necessarily come to the races,
7 but they're going to enjoy themselves in the area that
8 they're used to, in their own lifestyle. They come out,
9 they get into the grandstand, and we create this dynamism in
10 the grandstand that creates this excitement, people like to
11 be there and our grandstand is, I would say, sized well, and
12 it just creates a fun environment, a fun atmosphere for
13 everyone who is there.

14 And it's surprising that once people start having
15 fun, even though they tend not to have come to bet a lot of
16 money, they tend to bet more money when they're having fun,
17 whether they're winning or losing.

18 COMMISSIONER AMERMAN: Those sound like good
19 initiatives. Thank you very much for explaining them.

20 How much is your advertising and promotion budget
21 compared to last year?

22 MR. HENWICK: Let me -- these are excellent
23 questions and I think, for the industry, we operate it a
24 little bit different because we have our fair component as
25 part of our main attraction element, with our main feature

1 being horse racing.

2 Our challenge is not about attendance, it's about
3 how do we bring our attendance into the race meet, and
4 that's primary in our business.

5 We run, in the composition of our marketing
6 strategies, just on the direct advertising side, in the
7 range of about a million dollars. And that number went up
8 this past year to a million three.

9 And the reason we are focusing that way is to just
10 generally get more people in the Southern California
11 marketplace, who have many choices of entertainment every
12 single day of the week, focused on our event and wanting to
13 get on out.

14 Inside the composition of our marketing
15 strategies, we bring up the element of horse racing and, as
16 you know, when you come into our event, you see ways in
17 which we want to attract you into the racing facility.

18 Where George is talking about groups, we're
19 talking about trying to create destination appeal for groups
20 of people to want to come and spend their day at the fair,
21 at the race meet. So it's in that composition.

22 Now, beyond that, we have a very, very large
23 platform of sponsorship. Each one of our sponsorships have
24 value opportunities that include racing as part of that
25 value proposition, and that number is upwards of \$5 million

1 in its total package.

2 COMMISSIONER AMERMAN: So if I can read through
3 all of that, you're saying the budget is about the same as
4 it was last year?

5 MR. HENWICK: No, it's about \$300,000 more.

6 COMMISSIONER AMERMAN: Oh, you went from a million
7 to a million three?

8 MR. HENWICK: Correct.

9 COMMISSIONER AMERMAN: Okay, thank you.

10 CHAIRPERSON SHAPIRO: Okay. Well, clearly last
11 year was a terrific meet, we certainly hope that you
12 continue that. And I think it paid off last year and we
13 look to see that.

14 Does anybody else have any other questions, from
15 the Board?

16 COMMISSIONER HARRIS: On the TC-02 testing, I
17 notice on page 19 you talk about you're going to test every
18 horse or mule that ever raced. I thought the protocol we
19 had, we were not testing TC-02 on mules or quarter horses,
20 so I don't think that's really necessary.

21 CHAIRPERSON SHAPIRO: I thought it was horses, and
22 mules, and quarters were not tested because of the distance.

23 COMMISSIONER HARRIS: Well, that's the quarter.
24 Mules --

25 CHAIRPERSON SHAPIRO: Yeah, mules run the short

1 distance, too.

2 COMMISSIONER HARRIS: I think the concept is not -
3 - it wouldn't enhance performance anyway.

4 CHAIRPERSON SHAPIRO: Right.

5 COMMISSIONER HARRIS: So you could take the money
6 you're going to save there and put it in to buying the time
7 that the domino tournament has to compete.

8 (Laughter.)

9 CHAIRPERSON SHAPIRO: Then it will be hula hoops.
10 Anybody else have any questions?

11 If not, I'll entertain a motion to approve.

12 COMMISSIONER HARRIS: So moved.

13 CHAIRPERSON SHAPIRO: Second?

14 COMMISSIONER AMERMAN: Second.

15 CHAIRPERSON SHAPIRO: All in favor?

16 (Ayes.)

17 CHAIRPERSON SHAPIRO: Thank you and good luck.

18 MR. HENWICK: Thank you, Commissioners.

19 MR. JAMGOTCHIAN: Excuse me, Chairman Shapiro, I'd
20 like to speak on the issue with regards to video
21 surveillance.

22 CHAIRPERSON SHAPIRO: Excuse me, sir, that
23 is -- first of all, you need to fill out the comment card.
24 I don't know if you were here at the beginning.

25 MR. JAMGOTCHIAN: I don't believe Drew Couto

1 filled out the comment card.

2 CHAIRPERSON SHAPIRO: Okay, he was addressing this
3 application and he was asked to -- we asked somebody to
4 respond and inform us about a program of which his entity
5 was vitally part of how that was determined.

6 Notwithstanding, sir, if you could please fill out
7 a comment card? Wendy, could you please show --

8 MR. JAMGOTCHIAN: This is not on the agenda,
9 there's nothing here about --

10 CHAIRPERSON SHAPIRO: If you could please show the
11 gentleman what he needs to fill out, and he can hand it to
12 you, and then you can bring it up to the podium.

13 MR. JAMGOTCHIAN: It's not here, there's nothing
14 here relating to the Fairplex issue.

15 STAFF SERVICES MANAGER I WAGNER: The L.A. County
16 Fair.

17 MR. JAMGOTCHIAN: Right. Okay, now, there's
18 something she's adding in, Mr. Shapiro.

19 STAFF SERVICES MANAGER I WAGNER: My apologies.

20 MR. JAMGOTCHIAN: No problem, that's fine. So I
21 would have filled it out, but it wasn't on the card.

22 STAFF SERVICES MANAGER I WAGNER: So if you could
23 put your name here and how you represent --

24 MR. JAMGOTCHIAN: Sure, thanks. Two short issues
25 on -- one is on video surveillance, Mr. Chairman, members of

1 the Board. Obviously, the California Harness Racing
2 community has learned, first off, the importance of video
3 surveillance. I think we all remember the Intercontinental
4 fiasco at Del Mar, where the Intercontinental raced with a
5 late racing shot.

6 But, additionally, I'd like to ask Ms. Fermin to
7 provide us with guidance, and maybe guidelines statewide on
8 this issue.

9 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, as I said
10 at the beginning, the agenda item we're addressing is the
11 license application --

12 MR. JAMGOTCHIAN: This is video surveillance, you
13 discussed video surveillance.

14 CHAIRPERSON SHAPIRO: No, that's not --
15 Mr. Jamgotchian, the agenda item we're addressing is the
16 license application for Fairplex.

17 MR. JAMGOTCHIAN: All right.

18 CHAIRPERSON SHAPIRO: If you have a comment about
19 that license application --

20 MR. JAMGOTCHIAN: I do.

21 CHAIRPERSON SHAPIRO: -- please refrain it to just
22 that issue. Please do not talk about other things.

23 MR. JAMGOTCHIAN: But didn't the Board discuss
24 video surveillance? So you're going to stop my comments on
25 video surveillance, is that correct, just yes or no?

1 CHAIRPERSON SHAPIRO: We're not discussing video
2 surveillance. What we are discussing is the license
3 application of Fairplex Park.

4 MR. JAMGOTCHIAN: Right.

5 CHAIRPERSON SHAPIRO: Do you have a question about
6 their license application?

7 MR. JAMGOTCHIAN: Yes, I do. I have a concern
8 with Fairplex, with regards to the allowance of horses to
9 enter the grounds without a Coggin -- a valid Coggin's
10 certificate or a health statement.

11 Now, I'm sure Ms. Fermin can tell the Board, if
12 not, I can certainly tell the Board, that Fairplex has an
13 open gate policy where horses from out of state are allowed
14 to enter the grounds and mix with horses in California that
15 are racing at other tracks.

16 Now, it's clear, and I don't think there's any
17 dispute, unless Mr. Henwick and Mr. Bradvica, who I spoke
18 with regarding this a couple of weeks ago, and Ms. Fermin
19 has an investigation with regards to this, that horses that
20 are coming into Fairplex from out of state don't have a
21 Coggin's test.

22 And, Mr. Shapiro, if you want to look at your
23 clock for five minutes, that's not the important issue. The
24 important issue is why horses are being allowed to come into
25 California without Coggin's tests.

1 COMMISSIONER HARRIS: I think this is an issue for
2 California Department of Food and Agriculture.

3 MR. JAMGOTCHIAN: So it's okay for the Racing
4 Board, we're just going to ignore that, Mr. Harris?

5 COMMISSIONER HARRIS: Well, we don't regulate
6 interstate commerce.

7 MR. JAMGOTCHIAN: But you regulate what happens on
8 the enclosures of the track, don't you?

9 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, again, what
10 we are -- we are reviewing right now the license application
11 of Fairplex. I assure you that we will make every effort to
12 make sure that all the horses that enter the grounds are
13 properly screened and reviewed.

14 MR. JAMGOTCHIAN: Well, rather than ask me that
15 question --

16 CHAIRPERSON SHAPIRO: I'm not asking you a
17 question.

18 MR. JAMGOTCHIAN: -- why don't you ask
19 Mr. Bradvica or Mr. Henwick about that question. That's a
20 serious question that could pollute the whole population in
21 Southern California. Is that important to the Board or not?

22 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, we'll
23 listen to your comments about this license application. I'm
24 not here to answer your questions, I'm here to listen to
25 your comment.

1 MR. JAMGOTCHIAN: And you're not interested in
2 trying to figure out a resolution for this very important
3 issue; is that correct?

4 COMMISSIONER HARRIS: It's not on the agenda.

5 MR. JAMGOTCHIAN: It's not on the agenda, okay,
6 that's fine. That's fine, it's not on the agenda.

7 CHAIRPERSON SHAPIRO: We're going to move on,
8 thank you.

9 Item Agenda Number 2 is a license application for
10 Pacific Racing Association.

11 STAFF SERVICES MANAGER I WAGNER: Jacqueline
12 Wagner, CHRB staff. The Pacific Racing Association has
13 filed this application to conduct a thoroughbred race
14 meeting at Golden Gate Fields. They are proposing to race
15 from August the 25th through October the 15th, or 36 days.
16 They are proposing to race a total of 307 races, and this
17 year which equates to 8.5 races per day and in comparison to
18 2005, they raced 8.4 races per day.

19 They are racing the allocated dates of -- let me
20 back up. The Association was allocated to race from August
21 the 24th and to race 37 days. Subsequent to that approval,
22 they are going to open on August 25th and will be racing a
23 total of 36 days.

24 They will be racing five days per week, Wednesday
25 through Sunday, with eight races weekdays and nine or ten

1 races on weekends, holidays, and dates of special interest.

2 The Association will be racing concurrently with
3 Del Mar. They will be racing concurrently with L.A. County
4 Fair. They are going to be racing concurrently with the
5 allocated dates from the Oak Tree Racing Association, as
6 well as the Fresno Fair.

7 They are proposing a post time of 1:45 p.m. on
8 Mondays, Wednesdays, Thursdays, Saturdays and Sundays on
9 August the 25th and to September the 6th.

10 They will be racing a post time of 12:45 p.m. on
11 Mondays, Wednesdays, Thursdays, Fridays, Saturdays and
12 Sundays from September the 8th through October the 15th.

13 I am pleased to report that I did receive the
14 Horsemen's agreement, so this application is complete. And
15 staff would recommend the Board approve the application as
16 presented.

17 We do have representatives from the Association to
18 answer any questions.

19 CHAIRPERSON SHAPIRO: Thank you, Jackie. If those
20 representatives would come forward, please, because we're
21 going to ask a few questions.

22 MR. HARTMAN: Good morning, Mr. Commissioner,
23 members of the Board, Robert Hartman, representing Golden
24 Gate Fields, joined by Peter Tunney.

25 CHAIRPERSON SHAPIRO: Good morning, gentlemen.

1 First of all, I'd like to ask you the same question I asked
2 the Fairplex people with respect to if there's PT-02 policy,
3 that do you have in your stall application, your agreement
4 with TOC or CCP, in the event there's a positive finding
5 that a horse that is found -- a trainer's horse that's found
6 to be positive, that the trainer will be placed in the
7 detention barn immediately. Do you have agreements to that
8 effect?

9 MR. HARTMAN: Yes, we do. And we actually had to
10 go through that situation during our last meet.

11 CHAIRPERSON SHAPIRO: Great. And can you also
12 tell me, your advance deposit wagering agreements, who will
13 be handling the advance deposit wagering for this meeting?

14 Oh, if it's TVG Express Bet, U Bet, which
15 companies will be handling your signal?

16 MR. HARTMAN: Express Bet and U Bet.

17 CHAIRPERSON SHAPIRO: So TVG will not be there?

18 MR. HARTMAN: That is correct.

19 CHAIRPERSON SHAPIRO: Okay. And those agreements
20 are all in place and it's in place with the Horsemen, as
21 well?

22 MR. HARTMAN: Yes, they are.

23 CHAIRPERSON SHAPIRO: Okay. I noticed that in
24 your application there was a wide variation in terms of the
25 purse distribution last year, to this year, am I correct in

1 assuming that's because of the change in the calendar that
2 you're racing different days and that there's different
3 number of programs?

4 MR. HARTMAN: Yeah, there was an issue with that.
5 We've never raced during this time frame, in the history of
6 Golden Gate Fields, so there was no really applicable
7 comparison. So what we used was actually our last meet as
8 prior meet, so we actually used our February to May dates,
9 not knowing which would be the most applicable, we actually
10 ended up using those.

11 CHAIRPERSON SHAPIRO: But were there a number -- a
12 different number of days? There was such a significant
13 difference --

14 MR. HARTMAN: Yeah, correct, it was 65 days versus
15 36 days this year, so it was very significant. There was no
16 applicable comparison, unfortunately.

17 CHAIRPERSON SHAPIRO: Okay. I think it's really
18 not applicable in that section, okay.

19 On your secondary pari-mutuel organization list,
20 the out-of-state wagering systems that were combined, their
21 pari-mutuel pools is listed, and then it lists the separate
22 pools. Can you explain to me, just because I don't think I
23 understand it, there's a group of organizations there that
24 are listed, and they conduct their separate pools.

25 So can you describe, to me, what does California

1 racing, what do -- what generated for purses, how does the
2 money that goes into those separate pools benefit horse
3 racing in California? How does that work?

4 MR. TUNNEY: Mr. Chairman, Peter Tunney,
5 representing Golden Gate Fields. You have the list, as you
6 say, in front of you, and these separate pools, I'd have to
7 call on somebody that's been a simulcast coordinator, Andy
8 Kure is here, and if he could answer that.

9 But these are mostly, as you see, Canadian
10 operations, which there's just a -- Andy's here, thank you.
11 Just in time.

12 MR. KURE: Andy Kure, with Magna Entertainment.
13 The flat fee -- we book a flat fee on the separate pool
14 locations or we're paid a percentage of handle from the
15 separate pool locations, there's two different ways that we
16 receive reimbursement.

17 CHAIRPERSON SHAPIRO: So when it says here
18 "Juarez, Mexico" --

19 MR. KURE: Right.

20 CHAIRPERSON SHAPIRO: -- and I'm just taking a
21 name. Okay, is Juarez, Mexico the name of a company, is it
22 a place? I mean, it's a city.

23 MR. KURE: Correct, but there's an off-track
24 betting location in Juarez, Mexico.

25 CHAIRPERSON SHAPIRO: Okay, and who runs that off-

1 track betting location?

2 MR. KURE: I don't have the exact name of the
3 organization, the contractual name of them, but it's a
4 standard location that most tracks send their signal to.

5 CHAIRPERSON SHAPIRO: Okay, and who's done due
6 diligence on whoever this person or this entity is, in
7 Juarez, Mexico, that we know that they're not taking your
8 signal and sending it somewhere else for illegal wagering
9 purposes or that it's -- that we know that California's
10 benefitting from that?

11 MR. KURE: Well, California benefits from it by
12 the fee that's paid. Do we know if there is anybody else
13 pirating the signal and benefitting from that? Absolutely,
14 we don't know that, no more than we do if somebody's
15 watching TVG and booking off of that signal.

16 CHAIRPERSON SHAPIRO: All right.

17 MR. TUNNEY: And, Mr. Chairman, to that point, the
18 Board has historically, I think through John Regan's office,
19 vetted those out-of-state, out-of-country locations.

20 COMMISSIONER HARRIS: How did it vet them?

21 MR. TUNNEY: Well, they've done a due diligence, I
22 think, including traveling to Juarez, Mexico.

23 COMMISSIONER HARRIS: They looked at their X-rays
24 or something?

25 MR. TUNNEY: Well, I think it's a generic vetting,

1 right, with all due deference to the vets in the audience.

2 CHAIRPERSON SHAPIRO: In past meetings I've
3 always, I constantly ask these questions because I'm
4 troubled with we see all these names, and I'm not
5 comfortable we know who these people are, or they're
6 legitimate operators, and I don't understand how somebody
7 betting through a separate pool, and what I've heard is you
8 negotiate a flat fee with these people.

9 So, basically, can you give me an idea of what a
10 flat fee, how that would work? In other words do you say,
11 okay, Juarez, we're going to charge you so many dollars per
12 race, do you charge them for a season, how does that work?

13 MR. KURE: Per day. We charge them a per-day fee,
14 and we've worked with the TOC hand-in-hand. And we try to
15 equate it to between three and three and a half percent of
16 what we believe the handle is. Now, it's specifically
17 talking about Mexico in this instance.

18 CHAIRPERSON SHAPIRO: That's fine. I'm just
19 trying to get an example.

20 MR. KURE: Canada's a different deal. Canada, we
21 actually have pari-mutuel figures and we charge them a flat
22 percentage of that.

23 CHAIRPERSON SHAPIRO: So how do you know, and do
24 they report to you what the handle is that they do on this?

25 MR. KURE: Mexico does not, no.

1 CHAIRPERSON SHAPIRO: So you're getting three
2 percent of what, the estimate that you think that they're
3 handling?

4 MR. KURE: Based on the number of locations, yes.
5 And every year we have tried to push that figure higher
6 until we get resistance, and that's where we've at the
7 number that we charge, now.

8 COMMISSIONER AMERMAN: Is there not a possibility
9 at looking at their records to find out what they really are
10 handling?

11 MR. KURE: We'd love to see them, but they haven't
12 agreed to turn those over.

13 COMMISSIONER AMERMAN: Well, you're in the
14 driver's seat. I mean, you're sending the signal there.
15 Therefore, you should demand that you see that information.

16 MR. KURE: On the surface --

17 COMMISSIONER AMERMAN: Or cut them off. Cut them
18 off.

19 MR. KURE: Yeah, on the surface you're absolutely
20 right but, you know, I think it would be all California
21 racing we'd be cutting them off, not just Golden Gate.

22 COMMISSIONER HARRIS: Yeah, I'm not clear on --

23 MR. KURE: This is with every --

24 COMMISSIONER HARRIS: Yeah, I agree, they have the
25 option, but could they conceivably go ahead and do it absent

1 your knowledge, or your cooperation, anyway? I mean,
2 they're basically bookmakers in Mexico that wouldn't
3 necessarily have to be part of thing anyway, I guess, would
4 they?

5 MR. KURE: With the signal available through TVG
6 or HRTV, for California races, yes, they could do that.

7 MR. TUNNEY: And I also believe that those
8 individuals from Mexico, or those individuals from Juarez
9 have been in front of this Board on numerous occasions, on
10 just Commissioner Amerman's question, how much do you
11 actually handle down there and are we getting a fair deal.

12 CHAIRPERSON SHAPIRO: Well, but I don't want to
13 focus on Juarez, Mexico. I mean, there are a lot of places
14 here that, again, Hipodroma, Presidente, Ramon, PA. I don't
15 even know where is that place?

16 EXECUTIVE DIRECTOR FERMIN: Panama.

17 CHAIRPERSON SHAPIRO: Panama. Okay, so again,
18 it's not -- we're simply seeing all these places where
19 there's a separate pool and we're being asked to approve it
20 and I'm uncomfortable constantly, every time we have a
21 license application approving these things, when I'm not
22 comfortable that we're doing the due diligence we should be
23 doing. And I have approached ARCI to form some form of a
24 unit that would actually do due diligence, because I don't
25 believe the states, individually, are equipped to do due

1 diligence on all these different organizations, that maybe
2 there could be a national clearinghouse so that people get a
3 Good Housekeeping seal if they want to bet in our pools, or
4 have their separate pools.

5 And I'm just concerned that the horsemen and the
6 owners are seeing some benefit from this, as well as the
7 tracks.

8 MR. TUNNEY: Well, maybe, Mr. Chairman, we could
9 agendize this item for next month, as well, and in John
10 Regan's absence, have that discussion with John. Because I
11 know that falls into his line of duties.

12 MR. COUTO: And Chairman Shapiro, Drew Couto,
13 Thoroughbred Owners of California. In looking at the
14 application, they've grouped separate pools with lots of
15 these sites and I think that's part of the confusion.

16 It's best to think of separate pools as pari-
17 mutuel pools that do not commingle. They do that typically
18 for currency reasons. And most of the, I think all of the
19 Canadian references there are actually common pooled in
20 Canada, they do not mingle with us, and so we call them
21 separate pools and we get tote reports on what they handle
22 and we know precisely what we're getting on a percentage
23 basis.

24 The question and the concern I think you have
25 relate to flat fee type arrangements, and those are

1 primarily what we have with Caliente, and I'm not really
2 prepared to talk about Juarez. I don't, unfortunately, know
3 enough about Juarez, as much as I should.

4 But in dealing with Caliente, Andy and myself have
5 had probably the most direct contact with the folks from
6 Caliente and we try, on an annual basis, to get a report of
7 what -- it's not quite called handle, but what we would
8 think of as handle for their booked operations throughout
9 the world. We have a complete list of those sites and their
10 locations, including photographs of the location where the
11 bets are being placed through Caliente.

12 And we sit down with them on an annual or bi-
13 annual basis and negotiate a flat fee. We just negotiated
14 an additional five percent increase for California tracks,
15 beginning with the Del Mar meet.

16 We have been encouraging Caliente for some time to
17 try and commingle or to set up separate pools. Their
18 operation is not based that way, they are a bookmaker. But
19 we are having discussions right now with them about Uruguay,
20 Argentina, Brazil, and Panama going to a separate pool
21 basis, in which we would get percentage reports from them.

22 But right now they are a book operation and we do
23 meet with them on a regular basis and try, as best we can,
24 to get a good sense of what they're handling, and then base
25 the flat fee daily rate on what we believe they're handling.

1 It's not perfect. But as I think Mr. Harris
2 pointed out, if we didn't have a relationship with them,
3 there's nothing to stop them from booking without paying us
4 anything in those countries.

5 CHAIRPERSON SHAPIRO: Well, I appreciate that.
6 And perhaps what we should do is put on the agenda, as
7 Mr. Tunney suggested, a discussion, so that we, as a Board,
8 can at least understand this a little bit better. I know I
9 don't understand it, I'd like to understand it. And perhaps
10 we could have a discussion where you could educate us and
11 inform us as to how these agreements work, who they're with,
12 who negotiates them, and so forth.

13 Unfortunately, I find it hard to believe that one
14 staff person of the California Horse Racing Board is going
15 to be able to do thorough due diligence on all the number of
16 secondary pari-mutuel organizations that are listed here.

17 So that would be my recommendation is that we do
18 put this on an agenda, as an agenda item for discussion.
19 And perhaps you could assist in that.

20 I also note in your application that is the camera
21 at the five-sixteenths pole, will it be in? It says here,
22 in your application, it's your goal.

23 MR. HARTMAN: Yeah, I can assure you it will be
24 in, Mr. Chairman.

25 CHAIRPERSON SHAPIRO: Okay, we're going to cross

1 out the word "goal," and put in "will be in." Okay.

2 Are there any other questions from the Board on
3 this application?

4 COMMISSIONER HARRIS: There's one thing that I
5 take it is not that major of an issue, but it needs to be
6 corrected, where Magna's basically guaranteeing the
7 operation. I don't really like the language that rank
8 De Marco wrote, it says that basically they guarantee it,
9 but only for the period covered by the aforesaid
10 application. Where it really should be they're guaranteeing
11 the Pacific Racing or Golden Gate as long as they own it.
12 There's so many things that kind of trail meets, as far as
13 funds and things --

14 MR. HARTMAN: Oh, you're absolutely right.

15 COMMISSIONER HARRIS: -- and it should be
16 understood that a guarantee is not a conditional guarantee.

17 MR. HARTMAN: Very good point.

18 STAFF SERVICES MANAGER I WAGNER: Commissioner,
19 where are you reading that on the application?

20 COMMISSIONER HARRIS: The cover letter.

21 CHAIRPERSON SHAPIRO: I think that's a very, very
22 good point.

23 STAFF SERVICES MANAGER I WAGNER: Okay.

24 CHAIRPERSON SHAPIRO: Okay. You know, I misspoke.
25 Could you explain to me, it says here, under improvements,

1 "the continuation of our ongoing renovations in the barn
2 area would claim us to spend \$400,000 in such improvements
3 before the 2006 fall race meet begins."

4 Can you explain, are there two new barns, or two
5 barns that have been redone?

6 MR. HARTMAN: Yes, we do two new barns before each
7 meet. That's our goal of ongoing renovations in the barn
8 area, so those are actually just reaching completion.

9 CHAIRPERSON SHAPIRO: I mean, I don't think it's a
10 secret that the barn area could use some improvement. So do
11 you have a plan to completely redo the barn area at Golden
12 Gate?

13 MR. HARTMAN: I mean, the one nice thing is this
14 two-new-barn program before each meet has been going on for
15 years, now, so our barn area is actually in quite good shape
16 compared to other barn areas in the State, and it's just
17 continued ongoing improvement we have, which is our plan. I
18 do not think we need a complete renovation, just because
19 we've kept up the maintenance year after year.

20 CHAIRPERSON SHAPIRO: So this 400,000 will be
21 complete before the meet?

22 MR. TUNNEY: Yes. That, actually, was a directive
23 from the Board to Magna, when they came into Golden Gate
24 Fields in late 1999, early 2000, and it was a -- at the
25 request of the TOC, there was approximately \$5 million put

1 into racing changes and improvements. That is the racing
2 strip, equipment, equine hospital, and the barn area. So
3 that \$5 million was well spent and we continue each year to
4 put in to renovate barns.

5 CHAIRPERSON SHAPIRO: And perhaps you want to tell
6 us what you're doing, just describe to us why this meet's
7 going to be so successful, what efforts you're making in
8 terms of your advertising, your promotion, and incentives,
9 and so forth?

10 MR. HARTMAN: Yeah, the major challenge we're
11 facing this meet is the new racing dates. As I stated
12 earlier, Golden Gate Fields, since it's opened in 1941, has
13 not raced in the month of September, so that's a significant
14 challenge for us.

15 And we're putting a strong advertising push in the
16 first two weeks of the meet to really get the word out. You
17 can imagine if Del Mar decided to race in January, what
18 confusion that would cause, and it's pretty similar in the
19 north. We've never raced this time and it's really
20 important that we get the word out to people.

21 So the strong advertising push at the beginning of
22 the meet. The nice thing about these dates is they coincide
23 with the start of the college year. So we have a strong
24 push for a college program. The University of California,
25 Berkeley, which has 35,000 plus students, starts two days

1 after we open, so they start the following Monday. So we
2 have on-campus efforts to get students down to the racetrack
3 planned, including free admission passes, and discounts on
4 food, and the like.

5 We're also working with other universities in the
6 area, as well.

7 COMMISSIONER AMERMAN: You know, the challenge
8 that you have is comparing yourself to the previous meet.
9 What were the dates of the previous meet you're comparing
10 to?

11 MR. HARTMAN: Well, unfortunately, over the past
12 few years we've raced different dates every year. The last
13 time we raced was February through May, and then prior to
14 that we raced October through December, and this year we're
15 racing August through October.

16 COMMISSIONER AMERMAN: When I looked at your
17 dates, I had a different conclusion, at least what the
18 numbers are, that this is ideal. August through October,
19 that's beautiful weather up there.

20 Now, I was thinking, when you mentioned about
21 reaching out to colleges, one of the things that -- if I may
22 use another racetrack as an example, Keeneland, of course,
23 offers scholarships to kids. And you get your number in
24 and, hey, they win scholarships.

25 You could get the whole campus of Berkeley to come

1 down and see it on that day.

2 But the real question I have is how did you
3 determine what the purse number would be? It's so
4 dramatically down and, of course, states, you don't have
5 that many states, but that's dramatically down. Unless you
6 start thinking positively, it's going to be a downward
7 drift, and this isn't even a drift, this is a fall off the
8 cliff.

9 MR. HARTMAN: Yeah, I think the main reason the
10 purse number is down is just the sheer number of days.

11 COMMISSIONER AMERMAN: Well, the number of days
12 are down by 46 percent, right, versus stakes down 66
13 percent, and the purse is down a total of about 40 percent.

14 So it just strikes me you're just doing numbers.
15 It would seem to me you'd try and do a little bit better
16 than what you have at the present time. It seems like
17 you're just going to throw up your hands. And my conclusion
18 is that you got the best time of the year to race.

19 MR. HARTMAN: Well, I disagree. With all due
20 respect, I disagree with the assessment that we're throwing
21 up our hands.

22 COMMISSIONER AMERMAN: Okay.

23 MR. HARTMAN: I think our team is working their
24 tails off to make this meet very successful. And you're
25 correct about the weather.

1 The one unfortunate thing about this time period
2 is it comes off the end of the fair meet which, from a horse
3 population stand point historically has been very difficult
4 to fill races. You would expect, you know, September to be
5 a tremendous month, but given the way the Northern
6 California fairs work, two weeks at each meet for X number
7 of fairs, it takes a toll on the horse population.

8 So historically, these dates have not been the
9 strongest dates. I agree with your assessment, they should
10 be strong dates. But when Bay Meadows had them, they were
11 not very strong dates for Bay Meadows, either.

12 So traditionally they've been a weaker time of the
13 year. And when we have figured these numbers, we figured
14 them based on what Bay Meadows has done historically,
15 because they have had similar dates in the past.

16 MR. TUNNEY: I might suggest that a better way to
17 look at the numbers, from a purse stand point, is overnight
18 distribution, and both Bay Meadows and Golden Gate have
19 their overnight distribution from, depending on the time of
20 year, anywhere between 135,000 to 140,000 dollars per day,
21 excluding stakes. And that's been pretty much annualized at
22 both tracks, Golden Gate and Bay Meadows, on a year-round
23 basis.

24 COMMISSIONER AMERMAN: I appreciate your comments
25 and forgive me for being a little bit wrong, I suppose. But

1 I would hope that you would work very hard to beat these
2 numbers because I think they are imminently achievable and
3 you should be able to exceed the numbers that you have down
4 here.

5 MR. HARTMAN: You have our guarantee on that and I
6 appreciate the comment about the scholarships, I think
7 that's a tremendous idea and something that we'll strongly
8 consider. I'm not sure if we can pull it off this meet,
9 just given the timing, but for the future I think that's a
10 wonderful program.

11 COMMISSIONER AMERMAN: It works beautifully.

12 MR. HARTMAN: No matter when you race, whether you
13 race in the spring or the fall, I think that's a tremendous
14 idea to get the campus community involved.

15 MR. TUNNEY: It would not include Stanford.

16 COMMISSIONER AMERMAN: That would probably work
17 for Bay Meadows.

18 CHAIRPERSON SHAPIRO: Okay. Is there a motion to
19 approve this application?

20 COMMISSIONER HARRIS: So moved.

21 CHAIRPERSON SHAPIRO: Second? Second.

22 All in favor?

23 (Ayes.)

24 COMMISSIONER HARRIS: Can you kind of brief us on
25 what Golden Gate's plans are, for instance, to take services

1 going forward?

2 MR. HARTMAN: We have done some initial testing on
3 some borings around the racetrack, which came back very
4 positive for us, and I believe the next meeting is going to
5 happen at the corporate level, with Mr. Stronick, to
6 determine which company to go with and the timing of such a
7 project.

8 COMMISSIONER HARRIS: Yeah, because it's going to
9 be important up there, particularly, because you need to
10 train someplace and it needs to be coordinated. But Golden
11 Gate seems, to me, to be an obvious place for a synthetic
12 track with all the different issues you have.

13 MR. HARTMAN: Absolutely.

14 CHAIRPERSON SHAPIRO: Mr. Charles?

15 MR. CHARLES: Ron Charles, MEC. We have a meeting
16 scheduled towards the end of August. We will have
17 presentations by the three major synthetic surface companies
18 and we are exploring the first move, which would be Golden
19 Gate. We've done the boring, we feel safe that it can be
20 done, even if we have to go up.

21 So about two weeks ago Mr. Stronick went down to
22 Florida, took a look at two different surfaces, was very
23 impressed. So I would say, you know, we're on go from the
24 stand point of Golden Gate. The difficulty is deciding
25 exactly, first, which company we're going to use and second,

1 the dates, because of the stabling issue once we decide to
2 put it in. We need to work in the north, with the fairs,
3 we'll be able to handle, roughly, 1,500 horses while we're
4 closed for approximately two, two and a half months.

5 CHAIRPERSON SHAPIRO: Please remind Mr. Stronick
6 about the Board's matter, so that he understands that we're
7 anxious to see him do it at Golden Gate, certainly.

8 MR. CHARLES: I'll be glad to. But I can tell you
9 right now, I don't think I really need to. I think he is
10 really looking forward to doing it.

11 CHAIRPERSON SHAPIRO: Great. Okay, thank you.

12 All right, thank you, gentlemen.

13 MR. HARTMAN: Thank you.

14 MR. TUNNEY: Thank you.

15 CHAIRPERSON SHAPIRO: Thank you, appreciate it.

16 Item Number 4 on the agenda. Item Number 4 is a
17 report from the racing associations on their efforts and
18 plans to install new totalizator technology at the
19 racetracks given the numerous problems and delays and
20 failures.

21 As this matter was, I think a carryover from the
22 last meeting, when we ran out of time, and we had noted that
23 there were a number of incidents where there were delays and
24 failures, and so we put this matter back on the agenda.

25 We also want to hear where the status is with

1 respect to the various racing associations moving forward to
2 install new technology at California racetracks.

3 As I recall, that in September of this year the
4 agreement was to expire with the current Scientific Games
5 Technology. As I understand it, that was extended by the
6 racing associations for one year.

7 And, frankly, I think that there can be no
8 argument that we are asking our patrons to wager on what is
9 truly obsolete equipment, today.

10 And so this matter was put on and we'd like to
11 hear from the racing associations where the contract
12 associations are to put in new equipment and, also, what's
13 being done to improve some of the failures that we're
14 seeing.

15 MR. VARELA: Hi, I'm Tom Varela, with Southern
16 California Off-Track, and I can speak regarding the RFP
17 process. I'm part of a committee that was formed by the
18 Association, and we've been working the last few months in
19 setting up an RFP. We've had several meetings. We have
20 another one scheduled for the first part of August. We hope
21 to finalize that, send it out for legal review and then,
22 hopefully, set the process in motion for, you know, sometime
23 in August.

24 We did sign an extension for this year, that was
25 after consulting with AMTOTE, United Tote and Site Games,

1 and they all agreed it was in the best interest.

2 And I can't speak for the other problems that have
3 been cited, but I can let you know that we are working on
4 a --

5 CHAIRPERSON SHAPIRO: Well, let me be blunt about
6 it, okay. We sat here a year ago, in this very room, and
7 had this same discussion, and I don't understand why we're
8 back here, a year later, nothing's happened, and nothing's
9 moved forward. And it doesn't make sense to me.

10 I know that when I went to the Kentucky Derby this
11 year, I got to wager on an experimental basis on, I think it
12 was OPRA, and from a PDA. And it was -- you know, it was
13 terrific, and I know that I wagered more money.

14 And I don't understand why this has dragged on. I
15 don't think we're doing a service to our fans. I don't
16 think we're doing all we can to maximize on-track wagering.
17 And, therefore, I would like to see that this isn't going to
18 drag on with an RFP that's going to take three months and
19 then discussions, and we're going to be back here a year
20 later and not have new equipment at the racetrack.

21 MR. FRAVEL: Mr. Chairman, Craig Fravel, Del Mar
22 Thoroughbred Club. I can't comment on the shortcomings that
23 you've identified in the machines, because since we just
24 opened yesterday, I don't think we've had any, yet. But
25 we'll be happy to keep a log of those so that you're well

1 informed about it.

2 I do want you to know that Barry Goldberg,
3 actually, from Opera Glass is here, along with his software
4 team, and working through the California Marketing
5 Committee, and Surfside Race Place, as well as the live meet
6 here, at Del Mar, we are doing a test program on that Opera
7 Glass technology, and are installing in our VIP suites 16 of
8 the fixed units, touch-screen units. And we'll have, I
9 think, up to 20 and perhaps more of the hand-held units for
10 testing during this meet.

11 The CMC approved funding for software development
12 to integrate that system with Scientific Games, and Barry
13 has informed me that he's had tremendous cooperation with
14 Sci Games in terms of the integration of the two systems.
15 And we would hope to make available, even today, if you'd
16 like to use them, some of those hand-held machines, so that
17 people can begin to get a feel for how well they're going to
18 operate here.

19 We've installed close to \$85,000 worth of wireless
20 infrastructure in the grandstands, in time for this meet, so
21 that we could do this on a test basis.

22 And I'm, personally, very excited about this
23 technology, it allows you not only to -- ultimately will
24 allow you not only to wager, but to interface and order food
25 and beverage, and pull up wagering websites, and get

1 handicapping information, all sorts of other information.

2 And the hand-held unit, which is actually a little
3 Dell PDA, actually will have live video on it, streamed over
4 the wireless service.

5 So we haven't done nothing, and the industry has
6 been working together. The understanding was, of the
7 California Market Committee, that they would fund the
8 software development to coordinate the systems, and that we
9 would do a test and try to develop the system from a
10 feasibility stand point, go back to the Marketing Committee
11 and, hopefully, begin to implement this statewide, if it
12 proves satisfactory to our customers. So we are moving
13 forward on that.

14 And anyone from the Board who would like to use
15 those units, we'll be happy to make them available and get
16 your feedback on them.

17 CHAIRPERSON SHAPIRO: Well, I appreciate that, and
18 the Opera Glass technology is just one segment of it. But I
19 believe it was 16 months ago I went to Keeneland and saw
20 that they had new tote equipment installed, that certainly
21 seemed to be more efficient and fan friendly, and you would
22 think would encourage people to wager more money because
23 it's just easier and it isn't, you know, as archaic as what
24 we're using today.

25 And what I don't understand is why, 16 months

1 later, we're probably looking at -- how long do you envision
2 before the tracks in California could have a new tote system
3 installed in California?

4 MR. FRAVEL: I think, you know, we've been through
5 this a long time ago in our RFP process. It does take a
6 long time for a tote company to -- once we've made a
7 selection through the RFP process for a tote company to
8 actually build the machines. None of them are sitting on
9 inventory such that they could come and provide sufficient
10 numbers of machines to facilitate the California market.

11 It also requires, depending on the provider you
12 select, if we switched from Sci Games, for example, to
13 United Tote, you have to redo the infrastructure of all the
14 mutuel lines, as well. So it is, by no means, a small
15 transition effort.

16 But I think the plan is to have this out in the
17 next three months and a decision made within three months
18 after that. But you are nine months away, at the very
19 least, from some implementation of a new system.

20 CHAIRPERSON SHAPIRO: So if it were three months
21 from now that a decision's made between which vendor you're
22 going to use, it would then be another six months to get it
23 installed, to redo the infrastructure at California
24 racetracks?

25 MR. FRAVEL: I'm sure somebody, who's more

1 familiar with the details of tote systems could answer that
2 better than I can but, you know, my experience from a long
3 time ago was that simply to build out all the machines, and
4 for the tote vendor to make a capital investment, and then
5 to install the wiring infrastructure and, you know, mutuel
6 windows have to be reconfigured to accommodate these
7 machines. So it would take -- it's not something that you
8 can go in and, like you take your PC and switch it out, and
9 have a new one in a few days, it takes a lot of planning and
10 effort.

11 And, you know, we have to work with our Local 280,
12 the Mutuel Clerks Union, to make sure that they're happy
13 with the equipment, that we have to train clerks on all new
14 equipment and how to operate that, because it's different
15 every time. And while all that sounds simple and you think
16 we should be able to do it immediately, actually, for this
17 business, that's a pretty rapid pace. But it will take some
18 time.

19 COMMISSIONER AMERMAN: Craig, your comments are
20 very straight forward and knowledgeable. You may have said
21 it, but are you working with Bay Meadows Land Company and
22 Magna on this project, or are you only speaking from Del
23 Mar's --

24 MR. FRAVEL: No, there's a working committee of
25 Federation of California Racing Associations and Skylink,

1 which includes representation of the horsemen to put
2 together the terms of the RFP. I think it's supposed to be
3 ready in a couple of weeks for us to all look at. This is a
4 working group of the people who actually know something, the
5 tote managers, and then it's supposed to go up to the sort
6 of the business level for further comment, and then we'll
7 distribute it as soon as we've all had a chance to sign off.

8 COMMISSIONER AMERMAN: Is it possible that maybe
9 at the next meeting we could have a time table prepared?

10 MR. FRAVEL: Yeah, you know, we'd be happy -- I
11 don't want to speak for everybody else, but I'm sure we
12 could put together a time frame so that everybody would have
13 a good idea of what the actual time frame on a new system
14 would be.

15 CHAIRPERSON SHAPIRO: That's fine. What I would
16 suggest is perhaps you could submit, within the next few
17 weeks, to the Executive Director and she can disseminate to
18 all of us, what that time table is, so that we can look
19 forward to what we can expect. And in the intervening
20 period we can decide whether or not we need to bring it back
21 on an agenda item.

22 MR. FRAVEL: Yeah, unless one of my colleagues
23 objects, we'd be happy to do that.

24 CHAIRPERSON SHAPIRO: Okay. Does any other Board
25 member have any other questions on this subject?

1 I would like to ask that Mr. Castro come forward.
2 I know that at the last meeting we had discussed some of the
3 problems with the existing tote technology and some of the
4 failures, and I believe he wanted to address what some of
5 those issues were, some of the problems with the existing
6 technology.

7 Because I know that we've heard that there was a
8 phone line that sent down. I understand that the bet slips
9 were not being read and were punching out the wrong horse
10 numbers.

11 We've seen where the tote boards were, you know,
12 listing different numbers on the tote.

13 So Mr. Castro, could you please --

14 MR. JAMGOTCHIAN: Excuse me -- so you're not going
15 to let me talk when I walk up here, is that what you're
16 saying?

17 CHAIRPERSON SHAPIRO: No. You know what, if you
18 fill out a card --

19 MR. JAMGOTCHIAN: I filled out the card already,
20 it's right here.

21 CHAIRPERSON SHAPIRO: Okay, it needs to be brought
22 to me and when we ask for public comment on this issue, then
23 we will hear from you. Thank you.

24 MR. JAMGOTCHIAN: So when --

25 CHAIRPERSON SHAPIRO: Mr. Castro, would you

1 please --

2 MR. JAMGOTCHIAN: Is anybody else passing up cards
3 to you, Mr. Shapiro? I haven't seen no cards being passed,
4 yet.

5 CHAIRPERSON SHAPIRO: Well, again, you need to
6 fill it out and you need to hand it to the staff person and
7 she'll bring it to me. Thank you.

8 Mr. Castro, I know that there was a problem with
9 respect to the cards being read improperly. Has that issue
10 been resolved?

11 MR. CASTRO: My name is Richard Castro,
12 representing Pari-Mutuel Employees Guild.

13 What has happened since the last meeting, I've had
14 considerable conversations with the tote company over a
15 number of problems, including the cards, and I believe those
16 issues are all being worked. And, quite frankly, I think it
17 would be better served if we just kept these conversations
18 between the tote company and ourselves, and then when we ran
19 into difficult problems, we would bring them back to your
20 attention.

21 CHAIRPERSON SHAPIRO: Okay. Well, I'm glad to
22 hear that. Thank you.

23 MR. MC WILLIAMS: Mr. Chairman, Terry McWilliams,
24 from Scientific Games. I just want to make sure that I'm
25 using the correct protocol. I did sign up, I would like to

1 just comment about a couple of things, issues that you
2 brought up. Do you want me to wait until the end of
3 the --

4 CHAIRPERSON SHAPIRO: Yeah, I will ask for the
5 list at the end of the agenda item, and it will then be
6 brought to me so that I can then call the people that wish,
7 under public comment to address each item.

8 Yes, so if you'll please bring the list forward,
9 if there's no one else? Thank you. Here, I just want it
10 for that item.

11 Okay, Mr. Jamgotchian.

12 MR. JAMGOTCHIAN: Mr. Shapiro, George Jamgotchian.
13 With regards to the installing new totalizator technology,
14 it seems like if the Board can direct the associations to
15 put in poly-track, maybe it's time to direct the
16 associations to put in a totalizator system that is in
17 concert with the industry.

18 It seems like if the Board's serious about getting
19 results with the associations, they need to put down edicts
20 because, obviously, the racetracks are having a problem with
21 horse racing in California, field sizes, and everything that
22 we know about. And there's a lot of potential issues with
23 regards to horse racing in California, generally, as you're
24 well aware with the Bay Meadows Land Company.

25 So it seems to me as a businessman, and as a horse

1 owner of over 120 horses, that California horse racing needs
2 to have some kind of impetus put in place, and I don't see
3 the race tracks wanting to put in capital dollars.

4 Mr. Fravel might come up here and appease you and
5 say that he's got a few hand-held terminals, but I can
6 assure you that if handle was going to be increased at Del
7 Mar by these hand-held terminals, and they were cost
8 effective, that they'd be here in about 15 minutes.

9 Because any producer of equipment can deliver
10 equipment to a purchaser that wants to acquire it. But the
11 race tracks in California do not want to sink capital
12 dollars into an industry where they lack confidence, where
13 there's not direction and, more importantly, there's no
14 leadership. And that's the issue that I think you need to
15 focus on.

16 So if you'd like to focus on the issue of new
17 totalizator equipment, make an edict, just like you did on
18 the poly-track. Thank you.

19 CHAIRPERSON SHAPIRO: Thank you, Mr. Jamgotchian.

20 Terry McWilliams.

21 MR. MC WILLIAMS: Mr. Chairman, members of the
22 Commission, Terry McWilliams, Scientific Games.

23 Just a couple of comments. I certainly understand
24 the Board's frustration with the tote equipment. I would
25 take just minor issue with your characterization that it is

1 obsolete. In particular, the self-service terminals that
2 are at Del Mar and all the tracks in California, the sand
3 terminals, today, across all of the tote companies in North
4 America and all the terminals deployed in North America
5 remain the standard. They accept cash, they accept cards
6 for account wagering, they accept vouchers. They're very,
7 very usable. The percent of self service handle in North
8 America, through these terminals is head and shoulders above
9 any of the competition. So I just wanted to make that
10 point.

11 COMMISSIONER HARRIS: On the cash, what percent of
12 your machines do accept cash?

13 MR. MC WILLIAMS: I would say here, probably of
14 the self-service terminals, maybe 60 percent or 65 percent.
15 We also have some older self-service terminals that require
16 a voucher. Do not take cash, but there is a voucher
17 terminal that accepts the cash, prints out the voucher,
18 which you then use on the self-service.

19 COMMISSIONER HARRIS: Yeah, my perception was that
20 it was very small, but maybe I've missed --

21 MR. MC WILLIAMS: Well, we have replaced a lot of
22 the older self-service terminals with the stand terminals.
23 And I'm not exactly sure, that's just the best guess that I
24 can come up with right now.

25 But just a couple of comments. In addition to the

1 Opera Glass, which is a product that is actually deployed in
2 the suites, I saw the product yesterday, myself, we
3 developed the interface that's our interface on that
4 terminal and worked with Opera Glass on that.

5 We also have a number of new terminals that are at
6 the track and are ready to be deployed during this meet. A
7 handstand, which is a PDA, we call it a handstand. It's a
8 wireless device that has a wagering interface on it, and the
9 patron can just take that and virtually walk all over the
10 race track, with a pre-established account, and make a wager
11 off this, it fits into their short pocket.

12 That same device, it's a Symbol product,
13 manufactured by Symbol. We also have used that as a walk-
14 about terminal, as well. For a teller to walk through the
15 grandstand with a wireless printer as well, and that teller,
16 then, can make bets for the patrons and print tickets, cash
17 tickets, as well. And that device is at the racetrack as
18 well.

19 We have another terminal, called the Color Tiny
20 Tim, which is a personal account terminal. Again, that is
21 wireless. It does not support video. but it is account
22 wagering terminal that is ready to be deployed there, as
23 well.

24 CHAIRPERSON SHAPIRO: Mr. McWilliams, those sound
25 great. Are they here?

1 MR. MC WILLIAMS: Yes, sir, they are absolutely
2 here.

3 CHAIRPERSON SHAPIRO: And there are people walking
4 around with these, now?

5 MR. MC WILLIAMS: They are in the tote room ready
6 to be deployed.

7 CHAIRPERSON SHAPIRO: When will they be deployed?

8 MR. MC WILLIAMS: The racetrack chose, because of
9 the opening day crowds, the racetrack chose, yesterday, not
10 to deploy those terminals.

11 CHAIRPERSON SHAPIRO: Okay.

12 MR. MC WILLIAMS: We'll deploy them when they tell
13 us to, but they are ready to go. They're sitting in the
14 tote room, I'd be happy to show them to you personally,
15 today, if you like, if you attend the races.

16 CHAIRPERSON SHAPIRO: Well, I think what we're
17 saying is we want to see these things. I'm glad to hear
18 they're here. I'm glad to know they're here. But when
19 I -- and I'm sorry if the word offensive was -- or obsolete
20 was wrong. I'll then change to antiquated, because there is
21 new technology. And if people can sit at their table or sit
22 in their box and they don't have to get up every ten minutes
23 to go place a wager or stand in line, that's what we need,
24 and that's all what we're saying. We want to see that
25 equipment here, which is going to increase handle and

1 provide better customer service for California patrons.
2 That's why we have this agenda item. So I hope we do see
3 that equipment.

4 MR. MC WILLIAMS: And I don't disagree with you.
5 I would just remind you that in the one-year extension that
6 the California Horse Racing industry executed with us there
7 is a provision, and we will be deploying our new line of
8 terminals, which I know you've seen a demo of, a prototype
9 of previously. They will be deployed in September, in small
10 numbers, in both the north and the south. So we will be,
11 you know --

12 CHAIRPERSON SHAPIRO: And doesn't the bet chip fit
13 exactly into these wagering arms so that they --

14 MR. MC WILLIAMS: Yes, that is correct.

15 CHAIRPERSON SHAPIRO: And the current software
16 that that chip requires, is that at the racetrack, now?
17 Could you put some bet chips in now, if they were available?

18 MR. MC WILLIAMS: Yes, we could, we absolutely
19 could. However, they are actually in beta test right now in
20 one location, Evangeline Downs, in Louisiana, and we want
21 to -- in very small numbers, so that we can work out all of
22 the operational bugs, if any. They're getting very rave
23 reviews, by the way, down there. And so we wanted to bring
24 them up here, making sure that all of those issues have been
25 ironed out before we deploy them in a beta test in the north

1 and the south, in September.

2 CHAIRPERSON SHAPIRO: Okay. Well, thank you.

3 And, again, we'd like to see the new technology as soon as
4 possible.

5 COMMISSIONER HARRIS: Yeah, it's really exciting
6 that these things are coming on, it's just been so
7 frustrating that we haven't seen them in action, so maybe
8 we'll see some this season.

9 CHAIRPERSON SHAPIRO: Okay, we're going to go to
10 Item 5. If anybody needs a break, please let me know.

11 Item Number 5, discussion and action by the Board
12 on the proposed amendment to CHRB Rule 1536, stewards'
13 minutes.

14 STAFF SERVICES MANAGER I WAGNER: Jacqueline
15 Wagner, CHRB staff.

16 The propose to amend Rule 1536 is a direct result
17 of AB 1180 statutes of 2005, which was passed last year, and
18 basically put a new law onto the horse racing law, which
19 provides the stewards shall investigate and prepare a report
20 with respect to all on-track accidents involving jockeys
21 that occur during the performance of their duties.

22 Presently, we have a rule on our book, which is
23 Rule 1536, stewards' minutes, which provides that the
24 stewards shall maintain minutes and records of all the
25 proceedings that are held before them.

1 This proposal, which will bring the rule into
2 compliance with the law, would add that a report on all
3 track accidents involving jockeys shall be forwarded to the
4 Board as an attachment to the current stewards' minutes.

5 We have developed a new form, which is called "The
6 Jockey Accident Report Form." That report form, upon an
7 accident that involves a jockey, is to be filled out with
8 the appropriate information and attached to the stewards'
9 minutes and forwarded to the CHRB, as well as to the
10 specific individuals that require to receive it pursuant to
11 the law.

12 That would include the jockey, the jockey's
13 representatives, the Jockey's Guild, the horse owner, and
14 the trainer of the horse the jockey was riding at the time
15 of the accident.

16 Staff had recommended the Board direct us to
17 initiate the 45-day comment period on this rule.

18 CHAIRPERSON SHAPIRO: Thank you. I would like to
19 add I think it should say jockey or driver.

20 STAFF SERVICES MANAGER I WAGNER: Okay.

21 CHAIRPERSON SHAPIRO: I think that should be
22 applicable to all breeds.

23 I'm kind of surprised we haven't done this before
24 now. I think that for every accident there should be a full
25 report, and it should include what follow up there is, not

1 just on what happened but, you know, the extent of the
2 injuries, both to horse and to driver or rider.

3 Any other comments on this?

4 COMMISSIONER HARRIS: Yes, someone should also
5 take a look at how this interfaces with the various Cal-OSHA
6 reports because if you run a business in California and
7 anyone is injured, one of your employees, and it's a little
8 gray if these jockeys are employees, but I think they're
9 considered to be employees for this purpose, there's
10 supposed to be a report posted of any injury and how many
11 days were lost and all that.

12 But the other aspect of it, I'm not clear how we
13 really examine jockeys that are returning to work,
14 essentially. They were injured and now they're going to
15 start riding again. If we could make sure that protocol is
16 correct to insure the public that any jockey out there
17 riding, that has been injured, is now physically ready to
18 ride again.

19 EXECUTIVE DIRECTOR FERMIN: They're always
20 required to have a medical clearance before returning after
21 any kind of injury.

22 COMMISSIONER HARRIS: But who actually does that,
23 is that somebody we have look at that?

24 EXECUTIVE DIRECTOR FERMIN: Generally, it's either
25 a personal physician or it could be someone that's assigned

1 by the track. For instance, here at Del Mar, where they
2 have the physician who's on duty at an excellent clinic, in
3 fact, that represents them here. But we do require that
4 they have proper clearance and release. They have to have a
5 release.

6 COMMISSIONER HARRIS: They actually turn something
7 in to the stewards or something?

8 EXECUTIVE DIRECTOR FERMIN: Well, into the Board.

9 CHAIRPERSON SHAPIRO: Do we not -- wasn't the
10 legislation that was passed, did it not require that every
11 track had a track physician on the premises? Was I wrong in
12 that -- I don't remember the bill number last year.

13 COMMISSIONER HARRIS: I think it didn't go through
14 exactly that way.

15 EXECUTIVE DIRECTOR FERMIN: It does. It does,
16 Commissioner. And you will be seeing, in the coming months,
17 additional proposals pursuant to 1180. We've got some other
18 things that are going to be presented before you, that will
19 implement the provisions.

20 CHAIRPERSON SHAPIRO: And as I recall, I think the
21 bill was approved and I think the only exception was Los
22 Alamitos.

23 EXECUTIVE DIRECTOR FERMIN: That is correct. That
24 is correct. And the bill is very specific as to not only
25 requiring a physician on duty, it also talks about medical

1 facilities being at each facility, what the requirements
2 are. And we are looking at that. In fact, we are going to
3 be continuing to work on that and we will need the Board's
4 input as to the amenities you would like to have at those
5 facilities.

6 We're doing a survey, we have conducted a survey.
7 In fact, Mike Martin, of our CHRB staff, has been in contact
8 with each facility to determine their current status in
9 terms of their medical facilities.

10 So you will be seeing that coming forward within
11 the next couple months.

12 CHAIRPERSON SHAPIRO: Perhaps this form could have
13 another page or something that had a clearance portion to
14 it, that would be part of it, that the first part would be a
15 report on the incident and then perhaps something that
16 evidences the jockey was cleared to ride again, or the
17 driver.

18 COMMISSIONER HARRIS: Yeah, have actually a date
19 of how that --

20 CHAIRPERSON SHAPIRO: Right, and dated, so that we
21 see that, in fact, there was follow-up and the track
22 physician approved it.

23 EXECUTIVE DIRECTOR FERMIN: And in this report
24 then how would you -- because right now, the way the
25 procedure would be, once the accident occurs at the track,

1 it's the steward's responsibility to fill this out and
2 distribute it. It goes to the specific parties.

3 And now you're suggesting that we put another
4 section on here?

5 CHAIRPERSON SHAPIRO: Well, there would be two
6 parts to the form. One is the report on the accident, and
7 then one, before that participant can participate again,
8 must be signed off by a track physician.

9 EXECUTIVE DIRECTOR FERMIN: And then back to the
10 CHRB?

11 CHAIRPERSON SHAPIRO: And send it back to the CHRB
12 so that we know that the person has been looked at, is in
13 good health, and can commence their work. Just making the
14 full circle.

15 COMMISSIONER HARRIS: Yeah, and any of these
16 things, too, should be electronically done, and not just
17 filled out by hand.

18 EXECUTIVE DIRECTOR FERMIN: We are working on
19 that, also. I have already contacted the MIS department,
20 and this form will be available on the computer so they can
21 download it and do what they need to do, hopefully, via e-
22 mail.

23 CHAIRPERSON SHAPIRO: Okay, then I'll entertain a
24 motion to approve this for the 45-day comment period. Is
25 there a motion?

1 COMMISSIONER AMERMAN: Moved.

2 CHAIRPERSON SHAPIRO: It's moved. Seconded?

3 COMMISSIONER HARRIS: Second.

4 CHAIRPERSON SHAPIRO: All in favor?

5 (Ayes.)

6 CHAIRPERSON SHAPIRO: It passes.

7 Item Number 6, discussion and action by the Board
8 on the proposed addition of the CHRB Rule 1689.2, safety
9 reins required. Thank you.

10 MR. MARTIN: Hello. Mike Martin of the CHRB
11 staff.

12 Another part of 1180 requires the Board to
13 consider whether safety reins provide jockeys, and riders,
14 and drivers with greater protection. The concept of a
15 safety rein is to basically put a rein within a rein. What
16 you're looking at is a typical leather rein, but inside,
17 stitched inside is a nylon cord, with metal clasps at either
18 end. And those metal clasps will hook to the ring, above
19 the bridle, right where the leather hooks. So they're
20 hooked to the bridles independently of the leather. So if
21 the leather breaks, the nylon continues to give the jockey,
22 rider, or driver control of the horse.

23 And we do have a short, three-minute DVD here of
24 four races in which the reins broke, and I'll just step up
25 and start that right now. Thank you.

1 CHAIRPERSON SHAPIRO: And while he's doing that,
2 I'd like to welcome Mr. Art Gray, who is sitting here, with
3 Darrell Haire. Art Gray is the founder of safety reins or
4 the inventor of safety reins, and I'll let you see the
5 video.

6 MR. GRAY: This is at the Meadow Lands, New
7 Jersey.

8 (DVD shown.)

9 MR. GRAY: The horse on the outside, the right
10 line breaks, and you'll see that he just gets into number
11 seven and pushes them all. Two drivers got hurt, Ronnie
12 ended up damaging his rotator cuff.

13 And the first race was the race Johnny Campbell,
14 one of the premier drivers, he started -- he went to the
15 Commission and that was where the process where we were
16 trying to get the reins mandated was started.

17 This is the Jugget, these are three-year-old
18 fillies in Ohio. So that's "Dirty Laurie," she just lost
19 her reins, the driver, he's just a passenger.

20 And this gets worse when they go around the turn
21 because he can't control the horse. And talking to him
22 afterwards, he was afraid that this horse was going to go
23 straight into the fields when they get down past the three-
24 quarter pole.

25 Now, what the horseman will do, under any

1 circumstances, is to not -- you know, trying to hold onto
2 the horse, not to let the horse go.

3 Now, he's taking the -- if this filly doesn't make
4 the turn, she's going right into the field.

5 This is Mike Lajetour (phonetic), two years ago,
6 the very first race at Saratoga, opening day. And Mike
7 loses -- he loses the left rein, it breaks. He's heading
8 out toward the fence, and Mike was seriously injured in this
9 accident. He broke his leg in two places, ended up having
10 surgery and having pins put in his leg.

11 Here's the Black-Eyed Susan, this past year. You
12 see he's out wide, he gets down on top, you'll see him,
13 he'll be reaching for the bridle. When they straighten out
14 and they get down towards the turn, he's able to get it
15 close to the outside. Luckily, no one gets hurt here.

16 There was also an incident we don't have, but one
17 of the Breeder's Cup Juvenile, in October, Johnny Valenzuela
18 lost the left -- the left rein broke. Velasquez, yeah.

19 You see he has hold of the bridle.

20 Now, the other issues here, other than our human
21 and equine athletes getting hurt is the public that bet on
22 these races, they're losing out on their \$2 bet. That
23 situation at the Meadow Lands, that entire race was declared
24 a no contest and all the money was refunded.

25 CHAIRPERSON SHAPIRO: They did a heck of a job

1 there. Wow.

2 MR. GRAY: So it's not something that happens
3 every day, but when it does happen it's bad. It's like
4 driving your car going 35 miles an hour and the steering
5 wheel coming off in your hands.

6 At times, probably 50/50, sometimes the reining
7 material fails, other times it's through human error, where
8 the groom doesn't buckle it properly or the trainer doesn't
9 buckle it properly. But the safety reins, the hook -- with
10 the safety hook not attached, it's going to be a lot more
11 obvious than not having a keeper put in, and it's going to
12 be a lot more evident to see that the equipment isn't
13 fastened in the right way.

14 The testing to procedure with this, we did with
15 this, there's a lot more equipment for harness racing than
16 there is for the thoroughbreds, and I was a harness trainer
17 and a steward for 25 years, and we had them use before --
18 before, to make sure they weren't going to compromise any
19 other type of equipment. When we first started, there were
20 no standards doing research. There were no standards for
21 any type of equipment of what the required strength should
22 be. That's if this is stirrups, lines, girths, anything.

23 The initial testing that we did proved that for
24 the harness, and the thoroughbred, and the quarter horse
25 reins, the break point was about 420 pounds, and it was

1 right either at the buckle or where the leather narrows
2 right at the loop.

3 The other point that on the thoroughbred reins,
4 that we can overturn, is when the moisture gets in
5 underneath the grips and the moisture deteriorates the
6 material underneath.

7 So the safety rein goes up through the -- it's
8 anchored at the far end of the grip, so from one end of the
9 grip to the bit, you know, the line is supported.

10 Another thing initially, when we started this,
11 there was concern, a lot of questions about whether if it's
12 mandated, that it's going to amount to a monopoly. We ended
13 up with a patent. Initially, when we started out, we were
14 just going to make a kit. When we started, this was just to
15 try and improve safety on the racetrack.

16 The insurance companies wouldn't go with the kit
17 for the horsemen to upgrade their reins and the lines
18 because there was going to be no quality control on how they
19 were going to be made, and we weren't going to be able to
20 get any liability insurance. So we went through the patent
21 process.

22 When we went through the patent process, had our
23 attorneys, we had a conference call with the Department of
24 Justice in Washington, and said, well, if all 36 racing
25 jurisdictions make this mandatory is it going to be a

1 problem, is it going to constitute a monopoly.

2 And they said in itself it wouldn't. So when
3 there are monopoly issues, if it went to all 36
4 jurisdictions made it mandatory, and the price went from
5 \$100 to \$500, and you're taking advantage of the situation,
6 that's when it becomes a legal issue. Other than that,
7 there weren't any legal issues.

8 Again, when we started it, this whole thing was
9 started for safety, not a profit-driven motive. I did
10 not -- there were a number of companies, when we first
11 started out, that wanted exclusives to make the reins, and I
12 told them I would not give them an exclusive, that all the
13 manufacturers that are serving the industry now are going to
14 be the same ones that are going to make it, that they're
15 going to supply the industry. I don't want to take any
16 business away from anyone, so they're going to be available
17 to all.

18 On the pricing, average, we'll say conventional
19 leather reins today go anywhere from \$75 to \$90. And I know
20 we're in a very cost conscious business and we work
21 diligently to try and keep the price down. The cost for the
22 safety reins, the material is about \$5. Whatever the labor
23 is for the manufacturer is going to be the most cost
24 involved, and that's something that this -- it does fit
25 easily into their production schedule, so that shouldn't be

1 an issue.

2 And the patent fee is \$3 to \$5 I'm going to charge
3 for a patent fee, which is small, it's just something to
4 keep things going. So I would estimate that the cost would
5 probably go 20 to 25 percent higher than what they are right
6 now. Although we can't -- I looked into it legally, we
7 can't contract with the manufacturers what they are going to
8 charge or what the tack shops are going to charge, we can
9 just offer a suggested retail price. But I can't see it
10 going more than 20, 25 percent than what they are.

11 MR. MARTIN: Can I jump in here? We have spoken
12 with the company that provides most of the reins for
13 California, Mr. Burliner of Champion Turf. And he estimated
14 that the additional cost of the safety aspect, to
15 incorporate it into his manufacturing process, because
16 that's the way it works, the manufacturers keep making the
17 reins and they just add this element to it, he estimated 10
18 or 15 bucks, plus the patent fee.

19 And the reins go anywhere from \$30 for nylon,
20 which is just used, I think, in the mornings, to about \$75
21 for the typical leather rein, and as much as 180 for English
22 leather.

23 So Mr. Burliner said that if this goes forward and
24 we submitted a set of these reins to him, he could give us a
25 firmer number on the additional cost.

1 He did point out that the weakest part of the
2 safety rein aspect would be the buckle, where it attaches to
3 the rein above the bridle. And that seems to be the case.
4 The laboratory that did your research seems to have focused
5 on the buckle, as well.

6 And the opposition in Indiana, expressed by
7 Indiana harness horsemen, that was part of defeating that,
8 this gentleman, Duane Rule, who we've spoken with several
9 times, he keeps talking about the buckle, among other things
10 that he objects to, and he led the opposition in Indiana.
11 He seems to feel that it should be the trainer's, the
12 jockey's, and the driver's responsibility to check the reins
13 and make sure it's safe, not a board-mandated rule. I'm
14 just expressing what Duane Rule indicated.

15 I have spoken with representatives of the Pacific
16 Quarter Horse Racing Association, with the CTT, the TOC, and
17 the Harness Association. Nobody gave a firm we're on board
18 but, initially, they didn't find anything to object to,
19 other than Ed Halpern said he hoped you'd get plenty of time
20 to replace the old ones, because you don't want to make all
21 these trainers go out and buy brand-new reins immediately.
22 He suggested 18 months. He said the life span for a typical
23 set of reins is about two years. So he threw out the number
24 18 months.

25 I did receive an e-mail from Ben Kenny, of the

1 Harness Association, just this week, and he says, "after
2 speaking to the horsemen about this issue, it was clear that
3 they are opposed to being required to have the lines.
4 First, it was pointed out to me that in thousands of races a
5 year it is rare that a driver's lines break. Every trainer
6 and driver check their equipment before taking the horse out
7 on the track. Secondly, the cost may seem trivial to other
8 breeds, but to some of our horsemen it would be significant.
9 Based on these and other reasons, we are not in support of
10 this to be mandatory. We would be open to the idea of
11 having the option to use them."

12 That's the only objection we've received would be
13 from that harness association, which follows the pattern of
14 Indiana, and it's hard to explain the difference of the
15 harness horsemen versus the others.

16 MR. GRAY: At the commissions, I've talked at many
17 commission meetings and conferences about this, and I agree
18 with the timing. I have recommended that there should be at
19 least a year before full compliance. You can't say three
20 months from now that everyone has to use this equipment
21 because the equipment, you don't want the horsemen throwing
22 their equipment away. Those that feel strongly enough about
23 it and they want to do it now, they can do it. But if you
24 make it a year or 15 months before full compliance at the
25 racetracks, they have time. As they're equipment needs to

1 be replaced, they can replace it with the safety reins.

2 CHAIRPERSON SHAPIRO: I first saw this at the ARCI
3 meeting in November, I don't remember when it was. It was
4 presented then and I think that a lot of the members there,
5 and the participants that presented it, besides Mr. Gray,
6 were very much favorably inclined towards this product
7 because it is a safety concern.

8 And I know that Darrell, you've relayed, I think,
9 what's happened to you when you had a broken leg. And I
10 know that Chris McCarren called me early this morning to
11 advocate that he felt this was something that would be of
12 the betterment for the jockeys overall, and I believe, and
13 I'd like you to confirm that the Guild is supportive of
14 this. Is that correct?

15 MR. HAIRE: Yes, Chairman Shapiro. Darrell, here,
16 Interim National Manager of the Jockey's Guild. We are
17 strongly in support of these reins. If you talk to any
18 rider, most riders have had at some time in their career a
19 rein break, whether in the morning or in the afternoon, and
20 it is one of the scariest things that can happen. They have
21 no control, it could be in the middle of the field going 35
22 miles an hour and you want to jump off, it's that scary.

23 And with the harness horsemen, they check their
24 reins, but jockeys, you know, normally, they don't go up in
25 their paddock and start checking the equipment.

1 The problem is some trainers don't replace these
2 reins and, you know, after a couple of years they get old
3 and they start dry rotting underneath the rubber, where you
4 can't see it, so you don't know when they're going to break.
5 This solves it, this is a backup.

6 CHAIRPERSON SHAPIRO: Let me ask another question.
7 I mean, when you have a nylon rein like this, or a leather
8 rein like that, let's say the rein comes over the horse's
9 head, jockey falls off. The rein then falls over the
10 horse's head and now you've got a loop, okay. Couldn't that
11 prove to be catastrophic for the horse?

12 MR. HAIRE: You always -- you have the loop, now,
13 and it will break.

14 CHAIRPERSON SHAPIRO: Well, but if I understand
15 what you're saying here is that the beauty of the safety
16 rein is that it provides this extra strength so that it
17 doesn't break, so what happens -- I understand it from the
18 rider's perspective, okay, and nobody wants to see a broken
19 rein. But what happens if the rider falls off, the rein
20 makes its way over the horse's head, and now that horse is
21 galloping with a loop, and he gets a leg through it.
22 Couldn't it cause that horse to flip, or tumble, and get
23 seriously injured?

24 MR. GRAY: When I first used this, there was a
25 wire cable that we used instead of the nylon, and that was

1 the concern was that they were going to be too strong, and
2 that if a situation like this came about that they might not
3 get -- the material that they're made with now is the same
4 as the reins, the nylon reins that you're using --
5 conventional reins that they're using right now, without the
6 safety line in there.

7 The safety rein is -- it adds about -- from the
8 testing, it adds about 30 to 40 pounds more strength to the
9 rein. Whereas initially, with the cable, it was close to
10 600 pounds before it would break.

11 But changing from the cable to the nylon, the
12 strength is comparable to what the reins that are used now,
13 the nylon and the leather reins that they use. It's
14 probably 20 to 30 pounds stronger, but it's still even --
15 it's not enough so that if the rein needs to break to
16 prevent any kind of further injury to a jockey or to a
17 horse, it will give.

18 MR. HAIRE: I don't believe, and correct me if I'm
19 wrong on it, but it's not -- it is a little stronger, but
20 it's the backup. If the rein breaks, you have a backup,
21 that's the whole key here. You have a backup if the rein
22 does break. It's still attached.

23 MR. GRAY: Right, it wasn't -- I didn't start
24 doing this to make the rein stronger, it's just to have that
25 second -- you know, that second way to -- you know, safety

1 there to enable a driver, jockey, groom, trainer, whatever
2 the case may be, to maintain control of the horse if it
3 gives.

4 CHAIRPERSON SHAPIRO: Okay. Anybody on the Board
5 have any other questions?

6 MR. GRAY: The other thing I'd just like to add,
7 that I've had -- you know, talking about this for a lot of
8 years, and there have been a lot of statements and
9 accusations, and this is not a profit-driven motive. My
10 partners own more than half, 50 percent of the business, and
11 they're setting up a board -- and more than half of the
12 profits are going to be designated for equine-related
13 charities.

14 And the other thing which I've been told is that
15 the Jockey's Guild is not paying me to travel around the
16 country, and Darrell's not paying me any kind of a salary,
17 and I'm not taking money under the table from -- I mean,
18 there have been a lot of --

19 CHAIRPERSON SHAPIRO: Eileen, can you bring this -
20 - okay, thank you. Do you want to sign up on the list? Go
21 ahead.

22 MR. GORDY: Charlie Gordy, California Thoroughbred
23 Trainers. In Ed Halpern's absence, he's out of the country
24 right now, I just want to make sure that any course of
25 action you may be taking is that you're opening a 45-day

1 period on this?

2 CHAIRPERSON SHAPIRO: Yes, it would be.

3 MR. GORDY: Today?

4 CHAIRPERSON SHAPIRO: Yeah.

5 MR. GORDY: I'm now giving a cost concerns of
6 added expenses of this, you know, our Board would want to
7 take a position on this, formally, now that we have the
8 numbers directly. We have a Board meeting on August 9th, so
9 I know we would be responding within the 45-day period, if
10 you take any action today.

11 CHAIRPERSON SHAPIRO: Right, if the Board does
12 take action, it would be open for the 45-day comment period.
13 And again, then, we would receive those comments, at which
14 point the Board can either, you know, not take action, not
15 approve it, it can again go back out for an additional
16 comment period. So there will not be a final determination
17 today on this matter.

18 COMMISSIONER HARRIS: I think it's got enough
19 merit and I think we should just go ahead and move to put it
20 out for comments.

21 CHAIRPERSON SHAPIRO: Well, there's another
22 speaker.

23 COMMISSIONER HARRIS: The comments should really
24 come in later, anyway.

25 CHAIRPERSON SHAPIRO: Well, I agree, but --

1 MR. GRAY: If I might say one more thing about the
2 cost, for the Trainer's Association?

3 CHAIRPERSON SHAPIRO: Well --

4 MR. GRAY: That's okay.

5 CHAIRPERSON SHAPIRO: John Sharriffs.

6 MR. SHARRIFFS: Yeah, John Sharriffs, trainer in
7 Southern California. I'd also like to bring up another
8 point, other than the horse obviously tripping, is I've seen
9 riders hung up in reins, also. So if the rein doesn't
10 break, that could be a real problem. And one of the reasons
11 we like leather reins are the fact that they will break.

12 CHAIRPERSON SHAPIRO: Okay, thank you.

13 MR. GRAY: And they will break. Chairman Shapiro,
14 they will break.

15 CHAIRPERSON SHAPIRO: Do you have data on when
16 they break? In other words, is there some data that you can
17 provide to us in terms of what the force -- at what point
18 they break? Is there some scientific data that says that at
19 so many pounds of pressure that they break?

20 MR. GRAY: Right.

21 CHAIRPERSON SHAPIRO: Do you have that data?

22 MR. GRAY: I submitted that, I guess, a couple of
23 months back, as part of the information that I had sent.
24 They're both around the same, around 420 pounds.

25 CHAIRPERSON SHAPIRO: And what would conventional

1 leather reins break at?

2 MR. GRAY: It's the same. I was surprised,
3 between the nylon and the leather. The buckle will give on
4 the nylon at around 420.

5 CHAIRPERSON SHAPIRO: The inner buckle?

6 MR. GRAY: Right, the inner buckle, that will go
7 at about 420 pounds.

8 COMMISSIONER HARRIS: But the problem is the
9 effective -- I mean, if it goes at 420 pounds, if the rein
10 is defective, it might break at five pounds or something.

11 MR. HAIRE: This is where it would break, John,
12 right here, because as the nylon goes through all down
13 through here, it stops right here. So if it gets over the
14 horse's head and the rider gets hung up, or the horse steps
15 on it, it will snap somewhere from here to there.

16 COMMISSIONER HARRIS: Yeah, but as far as what
17 you're trying to guard against, though, is the inadvertent
18 break which, as I understood it, was caused by rot problems
19 in other parts of the --

20 MR. HAIRE: This is where it mostly breaks, from
21 here on down, and this is the backup right here, and it can
22 still break here.

23 CHAIRPERSON SHAPIRO: All right, I'm going to move
24 this along. And what I would suggest is we entertain a
25 motion so that we can put this out for 45-day comment

1 period. At that time there will be plenty of time and we
2 should receive comments from any interested parties.

3 Therefore, will somebody make a motion to --

4 COMMISSIONER HARRIS: Yeah, I'll move we put it
5 out for comment.

6 COMMISSIONER AMERMAN: Second.

7 CHAIRPERSON SHAPIRO: All those in favor?

8 (Ayes.)

9 CHAIRPERSON SHAPIRO: Opposed?

10 Yes, sir?

11 MR. MULLINS: I just want to make one comments
12 about the reins.

13 CHAIRPERSON SHAPIRO: You want to state your name?

14 MR. MULLINS: Jeff Mullins, thoroughbred trainer,
15 Southern California.

16 CHAIRPERSON SHAPIRO: Yeah, I can't see, with this
17 light, who's standing there.

18 MR. MULLINS: Right. The reins, as most of us
19 trainers know, and riders, they tie a knot in those reins.
20 If there are knots in the reins, the buckle's not going to
21 break.

22 CHAIRPERSON SHAPIRO: The buckle that's attached
23 to the bit?

24 MR. MULLINS: The buckle that attaches both ends
25 of the reins together.

1 CHAIRPERSON SHAPIRO: Yeah, I don't think that's
2 the buckle that they're talking about, that's breaking.

3 MR. GRAY: Yeah, he's talking about down the --

4 CHAIRPERSON SHAPIRO: There's one where they
5 attach the two lines. But it's my understanding that the
6 buckle --

7 MR. MULLINS: They were holding up the end of the
8 reins right there, it's the little buckle that connects the
9 two reins together.

10 MR. GRAY: He's talking about the one that
11 connects the two.

12 CHAIRPERSON SHAPIRO: I understand, yeah. But the
13 buckle that shows the failure is this buckle here, is that
14 not true?

15 MR. HAIRE: That's one thing, that's next to the
16 bridle.

17 CHAIRPERSON SHAPIRO: Correct.

18 MR. HAIRE: What you have to say is right, if they
19 do make a knot, that's where it would break, the leather
20 would break.

21 CHAIRPERSON SHAPIRO: Oh, the leather would break.

22 MR. MULLINS: But these reins are tied in a knot,
23 like this. I've ridden in a race or two myself. That
24 buckle's not going to break with the reins tied in a knot.

25 COMMISSIONER HARRIS: Yeah, that's not the point

1 that's supposed to break, though. It's lower, I guess, is
2 where it's been breaking.

3 CHAIRPERSON SHAPIRO: When there have been
4 failures, where lines have broken in races or in training,
5 is it not the failure is down here, where it attaches to the
6 bridle, is that where the problem is?

7 MR. HAIRE: From there back to the rubber.

8 CHAIRPERSON SHAPIRO: Correct.

9 MR. HAIRE: Right, in the rubber there, that's
10 where it mostly breaks.

11 CHAIRPERSON SHAPIRO: All right, we've passed a
12 motion and we'll put this out. Please feel welcome to make
13 comments during the comment period.

14 Mr. Gray, thank you.

15 MR. GRAY: Okay, thank you very much, appreciate
16 your time.

17 CHAIRPERSON SHAPIRO: Does anybody need a break
18 for a couple minutes? If not, we'll keep going.

19 Okay, Item Number 7. Discussion and action by the
20 Board on proposed amendments to CHRB Rule 1689.1, safety
21 vest required.

22 STAFF SERVICES MANAGER I WAGNER: Jacqueline
23 Wagner, CHRB staff.

24 Board Rule 1689.1, safety vests required, now
25 requires our jockeys and apprentice jockeys to wear safety

1 vests when riding in a race.

2 Additionally, the rule provides that jockeys,
3 apprentice jockeys, and exercise riders also wear a safety
4 vest when they train or exercise any horse on the grounds of
5 a racing association or a fair.

6 The rule presently lists the criteria for a safety
7 vest as a beta standard -- using the beta standards, with a
8 standard level of five.

9 The beta standards have been revised and the
10 corresponding beta number to number five has been revised to
11 a number one. So in response, we are proposing that we
12 amend the rule just to change the beta level from a number
13 five to a number one, which is now the correct beta level
14 standard.

15 In addition, at the request of the Jockey's Guild,
16 the rule is also being amended to provide that a safety vest
17 may also meet the American Society of Testing Materials
18 Standard, which is equivalent to the beta one, and this will
19 allow two standards and allow the jocks greater variety in
20 determining which vest they would like to wear.

21 Staff would recommend that the Board direct us to
22 initiate the 45-day comment period.

23 CHAIRPERSON SHAPIRO: Is there any comment to this
24 matter? If not, I'll entertain a motion.

25 COMMISSIONER MOSS: I motion we accept the staff

1 recommendation.

2 CHAIRPERSON SHAPIRO: Okay, there's a motion.

3 Second?

4 COMMISSIONER AMERMAN: Here.

5 CHAIRPERSON SHAPIRO: All in favor?

6 (Ayes.)

7 CHAIRPERSON SHAPIRO: Thank you. Item Number 8,
8 discussion and action by the Board on the proposed amended
9 CHRB Rule 1969, wagering prohibited. How about you,
10 Ms. Wagner.

11 STAFF SERVICES MANAGER I WAGNER: Jacqueline
12 Wagner, CHRB staff.

13 The proposal to amend Rule 1969 was discussed at
14 the March and April Board meeting. At those meetings,
15 consensus was reached on the text pertaining to the
16 prohibited wagering section.

17 However, at the March meeting there were questions
18 raised regarding the need to include certain license
19 classifications in the regulation. At the request of our
20 Chairman, he requested that the classifications be brought
21 back with the statement as to what the duty statement was
22 for each classification. That is included in the package.

23 The proposed amendment to this rule does several
24 things, it adds security staff, valets, and jockeys, or
25 drivers to the list of licensees precluded from wagering

1 while on duty.

2 Security staff was added, as they're often the
3 person responsible for monitoring the stalls of the horses
4 that are entered into the race.

5 Valets, and jockey's and driver room attendants
6 have been added because of their ability and proximity to
7 place wagers on behalf of jockeys and drivers.

8 At that meeting pari-mutuel and totalizator
9 facilities was requested that, from the Pari-Mutuel
10 Employees Guild, that they be removed from those licensing
11 classes as those prohibited from wagering.

12 However, I understand, now, that the Pari-Mutuel
13 Employees Guild has decided against removing them and they
14 want those persons to stay in the list of classes that
15 cannot wager while on duty.

16 So in response to that, staff has recommend the
17 Board direct us to initiate the 45-day comment period on
18 this particular rule, also.

19 CHAIRPERSON SHAPIRO: Can I ask, why would a
20 simulcast facility supervisor or assistant simulcast
21 facility supervisor, why would they be included in these
22 prohibitions? I don't understand, if somebody's working
23 here --

24 STAFF SERVICES MANAGER I WAGNER: You know, I
25 think you asked that the last time and that may have been an

1 oversight, because we did delete the totalizator employee
2 and we can go ahead and delete the simulcast facility
3 supervisor and assistant simulcast facility supervisor.
4 They are far removed from the --

5 CHAIRPERSON SHAPIRO: And what about the clerk of
6 the course?

7 STAFF SERVICES MANAGER I WAGNER: Now, the clerk
8 of the course is a racing official.

9 CHAIRPERSON SHAPIRO: Oh, it's a racing official,
10 okay, that makes sense to me. And now that the --

11 STAFF SERVICES MANAGER I WAGNER: We are going to
12 leave in --

13 CHAIRPERSON SHAPIRO: They want, the Pari-Mutuel
14 Union is --

15 STAFF SERVICES MANAGER I WAGNER: That the
16 employees to stay.

17 CHAIRPERSON SHAPIRO: -- requesting that they be
18 prohibited from wagering?

19 STAFF SERVICES MANAGER I WAGNER: Correct, just as
20 the rule currently reads.

21 CHAIRPERSON SHAPIRO: Okay, but at the last Board
22 meeting, when we heard this, the representative from the
23 Pari-Mutuel Guild, Union, was saying that there's no way to
24 stop them, and they do it anyway, and how can they interfere
25 with the outcome of a race. So I don't understand why --

1 STAFF SERVICES MANAGER I WAGNER: The reversal.

2 CHAIRPERSON SHAPIRO: -- that they're reversing
3 themselves. So perhaps Mr. Kempt can enlighten us

4 MR. KEMPT: Hi, Douglas Kempt, Local 280. Yes,
5 Mr. Shapiro, we are changing our position on this issue and
6 we've had discussion with the powers that be, and we have
7 concluded that it's in our best interest, for other reasons,
8 to go ahead and put the pari-mutuel employees back into this
9 rule.

10 CHAIRPERSON SHAPIRO: Okay, what I'm going to
11 suggest is that we not take any action here. Frankly, I'm
12 confused as to why -- my understanding of this was that the
13 purpose of this was to protect the integrity of the game and
14 wagering, and I'm not sure why a pari-mutuel employee can't
15 wager, and how that's going to affect the outcome of a race.
16 So I've lost my understanding of what we're trying to
17 achieve here. And given that we don't seem to have the --
18 who it is that we're trying to stop from wagering, I think
19 that we need to do more study on this before it's brought to
20 us even to consider.

21 Unless somebody has another view of it, I would
22 prefer that we just defer this matter again, until staff can
23 come back and provide to us why those people that we are
24 being suggested be prohibited from wagering are prohibited.

25 I can understand it if somebody could influence

1 the outcome of a race, or anything of that respect. I don't
2 see how a pari-mutuel clerk is going to influence the
3 outcome of a race. I don't see how a simulcast person will.
4 I can understand that, you know, somebody that's interacting
5 with the horse could.

6 So if that's okay with the Board, I would just
7 assume that we defer this matter again.

8 MR. KEMPT: No problem.

9 CHAIRPERSON SHAPIRO: Thank you. All right, I'm
10 going to suggest, and I think our court reporter probably
11 needs a short break, why don't we take ten minutes and
12 reconvene at 12:30, if that's okay. Thank you.

13 (Off the record.)

14 CHAIRPERSON SHAPIRO: Commissioner Harris.
15 Commissioner Moss. Commissioner Bianco. Commissioner
16 Harris is holding us up.

17 Okay, Item Number 9 on the agenda. Hearing by the
18 Board on the adoption of the proposed amendment to CHRB Rule
19 1690.1, toe grabs prohibited.

20 STAFF SERVICES MANAGER I WAGNER: Jacqueline
21 Wagner, CHRB staff.

22 As you'll recall, in February of this year, the
23 Board added 1690.1 to our rules, and that rule would prevent
24 the use of toe grabs over four millimeters in height on
25 thoroughbreds. However, after the rule was implemented, the

1 thoroughbred farrier has reported that only four out of five
2 manufacturers actually produce those low toe grabs that met
3 the four millimeter requirements.

4 In addition, they say that shoes with jar calks
5 could include toe grabs with a height greater than five
6 millimeters.

7 In response to those concerns that were raised, we
8 amended the rule to provide that toe grabs with a minimum
9 height on the front shoes of thoroughbred horses be
10 increased in height to five millimeters.

11 In addition, we added a paragraph that would allow
12 thoroughbreds to wear shoes with jar calks that include toe
13 grabs with a height greater than five millimeters, when the
14 track condition is officially labeled as anything other than
15 fast by the track superintendent.

16 This rule was noticed for 45 days. Staff received
17 no comments on the proposal. And we would recommend that
18 the Board adopt the rule as presented.

19 CHAIRPERSON SHAPIRO: This matter's been before
20 this Board for years and I question whether or not we
21 actually need to take an action at this time, since it
22 doesn't appear that many trainers are using toe grabs that
23 are higher, within the range that we were told was of danger
24 to the horses.

25 Furthermore, at the break someone just mentioned

1 to me what are you going to do about synthetic surfaces.

2 And, frankly, I think that's a very good point, I don't
3 think that we've studied it and know enough, probably, with
4 respect to synthetic surfaces.

5 So I'm certainly welcome to listen to whatever the
6 Board members feel but, personally, I kind of question why
7 we're taking action on this matter since, in practicality,
8 it doesn't appear that there is much use, if any, of these
9 shoes. And then, further, why do we need to regulate
10 something that isn't a problem and we don't know what's
11 going to happen with synthetic surfaces.

12 Would anybody else like to comment?

13 COMMISSIONER HARRIS: Well, this is something we
14 did work on for a long time, I know for at least four or
15 five years, and we did all the research and it did show
16 there were some detrimental effects to the longer tow grabs.
17 And maybe it's solved itself through better education,
18 anyway. But I would just as soon do it, and change it to
19 five, and approve the rule as written, and we can always
20 revisit it.

21 CHAIRPERSON SHAPIRO: I spoke to the horseshoe
22 inspector, and I asked him if he was seeing them, and he
23 told me he wasn't. So part of what led me to this was, in
24 speaking with Mr. Tovar, he said that he wasn't seeing any
25 toe grabs that exceeded that. And in light of our

1 manufacturers that aren't manufacturing them and, especially
2 with the change in surfaces, I'm concerned that maybe we are
3 taking an action that we don't need to take because we just
4 don't have enough information at this point. But that's my
5 opinion.

6 Wendy or Ilene, could you bring me the list?

7 COMMISSIONER HARRIS: We're going to -- I'd rather
8 see us table it and discuss it at another meeting, and maybe
9 have everyone have time to review the research and see if it
10 was adequate. But I hate to just spend all this time and
11 just drop it.

12 CHAIRPERSON SHAPIRO: Well, I understand that.
13 And perhaps maybe what we should do is, in fact, table it
14 and go back to Sue Stover and Victor Tovar, and get an
15 update from them, and ask for consideration of all the
16 circumstances.

17 And I would again ask that CTT and TOC put forward
18 what questions they feel should be asked, so that as we move
19 forward with synthetic surfaces we could just update the
20 data and come to some determination. So perhaps we'll do
21 that.

22 COMMISSIONER HARRIS: Yeah. I'll move to table it
23 until the next meeting to allow us time to --

24 CHAIRPERSON SHAPIRO: Okay.

25 COMMISSIONER MOSS: Second that.

1 CHAIRPERSON SHAPIRO: Thank you. We'll consider
2 it as tabled.

3 Item Number 10.

4 MR. JAMGOTCHIAN: Excuse me, Mr. Shapiro. I
5 signed for Item Number 8, under your system I have the right
6 to speak. Now, are you denying me the privilege to speak on
7 Item Number 8?

8 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, we've
9 already taken action on Item Number 8 and so --

10 MR. JAMGOTCHIAN: So you're going to stop my
11 ability to speak on that, that calendared item on this
12 agenda; is that correct?

13 CHAIRPERSON SHAPIRO: That's correct.

14 MR. JAMGOTCHIAN: Thank you.

15 CHAIRPERSON SHAPIRO: All right, we're now going
16 to go to Item Number 10. Hearing by the Board on the
17 adoption of the proposed amendment to CHRB Rule 1976.8,
18 place pick (n).

19 STAFF SERVICES MANAGER I WAGNER: Jacqueline
20 Wagner, CHRB staff. In August of last year the Rule 1979,
21 which was our pick (n) pool, was amended to provide that if
22 the racing surface changed from turf to dirt, or dirt to
23 turf in any race of a place pick (n) wager, and such a
24 change was not announced to the public before the close of
25 wagering on the pool, all wagers on the race would be

1 considered winning wagers for the purpose of the pick (n).

2 After the implementation of that particular
3 amendment, it was determined that the provision for that
4 change in racetrack surface could also be effectively
5 applied to Rule 1976.8, which is our place pick (n).

6 That is the amendment that you have before you.
7 The amendment to Rule 1976.8 will have the same provisions
8 as our current rule place pick (n).

9 The rule was noticed for 45 days for comment
10 period. Staff received no comments during that particular
11 time. And we would recommend that the Board adopt the
12 amendment to Rule 1976, as presented.

13 CHAIRPERSON SHAPIRO: As I recall, this was simply
14 an oversight on our part for not amending this rule, as we
15 did the others --

16 STAFF SERVICES MANAGER I WAGNER: Correct.

17 CHAIRPERSON SHAPIRO: -- and, therefore, does
18 anybody have any discussion on this? And if not, I would
19 move that we approve this. Is there a motion?

20 COMMISSIONER HARRIS: So moved.

21 CHAIRPERSON SHAPIRO: Second?

22 COMMISSIONER MOSS: Second.

23 CHAIRPERSON SHAPIRO: All in favor?

24 (Ayes.)

25 CHAIRPERSON SHAPIRO: Thank you.

1 COMMISSIONER HARRIS: I think it's good we're
2 doing this, but one thing we do need to look at with any of
3 these rules that talk about dirt, we should, at some place
4 in our rules to define dirt to also include synthetic
5 surfaces.

6 CHAIRPERSON SHAPIRO: And you're absolutely
7 correct. Jackie, why don't you make note of that, so that
8 we add that to all of our rules.

9 STAFF SERVICES MANAGER I WAGNER: Absolutely.

10 CHAIRPERSON SHAPIRO: Thank you, Commissioner
11 Harris.

12 COMMISSIONER AMERMAN: Just a query, when would
13 you have a situation where you might go from dirt to turf?
14 I've never heard of such a thing.

15 CHAIRPERSON SHAPIRO: I guess it could happen if
16 there was a problem with the dirt track, that something
17 occurred that made the dirt track was washed out, or there's
18 a problem and it was decided to switch to turf. But it is
19 clearly, I've never heard of it either.

20 COMMISSIONER HARRIS: Yeah, I think it's happened.

21 COMMISSIONER AMERMAN: It doesn't hurt.

22 COMMISSIONER HARRIS: Yeah, I think somebody
23 brought it up as a very unusual circumstance.

24 CHAIRPERSON SHAPIRO: Yeah.

25 COMMISSIONER HARRIS: But I think that has

1 happened, actually, in Turf Paradise several times.

2 CHAIRPERSON SHAPIRO: Okay. We could send them
3 our rule and they'd like it there.

4 Item Number 12. No, 11.

5 Do you want to sign the sheet, Mr. Charles, to
6 address the issue?

7 MR. CHARLES: Okay, just to answer Commissioner --

8 CHAIRPERSON SHAPIRO: Go ahead, Mr. Charles.

9 MR. CHARLES: Commissioner Amerman's question.
10 We've had this experience happen, it actually happened at
11 Hollywood Park, where there was some type of drainage with
12 the pool washed out the backside, and we actually had to
13 shift the race, over all the races, onto the grass.

14 COMMISSIONER AMERMAN: Thank you very much.

15 MR. CHARLES: And so something like that can
16 happen and it just protects us in case it does.

17 COMMISSIONER AMERMAN: Okay, thank you.

18 CHAIRPERSON SHAPIRO: Item number -- I lost my
19 place here. Item Number 11, discussion and action by the
20 Board on a proposed amendment to CHRB Rule 1433, application
21 for license. That would be Ms. Wagner, again.

22 STAFF SERVICES MANAGER I WAGNER: Jackie Wagner,
23 CHRB.

24 CHAIRPERSON SHAPIRO: Are we over-working you,
25 because you're sure doing a lot?

1 STAFF SERVICES MANAGER I WAGNER: At the May Board
2 meeting, the Board adopted an amendment to Rule 1433 that
3 would require certain thoroughbred tracks to install the
4 poly-track synthetic type surface to their tracks no later
5 than January 1, 2008.

6 In addition, the Board adopted Rule 1472, which is
7 a companion rule to exempt poly-tracks from the cross slope
8 requirements.

9 The issue was again discussed at the last Board
10 meeting as it pertained to the drainage for these particular
11 type tracks. Industry representatives proposed that the
12 drainage and the subsurface issues could be addressed by
13 amending the application to require the applicants to
14 stipulate that certain related items have been submitted and
15 have been installed that pertain to the poly-track surface.

16 The proposal before you is the proposal to amend
17 Rule 1433. What it effectively does is add a new section,
18 which is Section 19, that will require the applicant to
19 stipulate to the Board and to submit documents certifying
20 the installation and the drainage, proper drainage has been
21 installed with any poly-track surface that has been
22 installed on the track.

23 Staff had recommended the Board instruct us to
24 initiate the 45-day comment period on this proposal.

25 CHAIRPERSON SHAPIRO: Do any Board members have

1 any comment to this? I think it's a good suggestion and I
2 would like to see it.

3 Wendy, would you bring me the list?

4 COMMISSIONER MOSS: Who determines, Mr. Chairman,
5 what is the proper drainage system?

6 CHAIRPERSON SHAPIRO: There was a discussion about
7 proper and how we define what proper is. I believe that
8 what we mean by the word proper is adequate drainage system,
9 and what would be proper would be probably based on what the
10 manufacturer's recommendations are for a synthetic surface
11 system. I don't think the Board is instituting any criteria
12 to determine, because it doesn't have the expertise, but we
13 would want to simply make sure that, as we do with all of
14 our track surface issues, that there is a system in place
15 that is adequate and we get a manufacturer to state that
16 it's adequate.

17 COMMISSIONER MOSS: So what if the -- this is a
18 hypothetical, what if the manufacturer doesn't agree with
19 the local track superintendent, so to speak, in what is
20 proper, what constitutes proper drainage?

21 CHAIRPERSON SHAPIRO: I don't know, I guess at
22 that point the Board would have to consider what the issue
23 is and probably hold some form of a hearing to make sure
24 that there is adequate drainage as part of the system.

25 COMMISSIONER MOSS: Okay.

1 MR. KNIGHT: Mr. Commissioner?

2 CHAIRPERSON SHAPIRO: Yes.

3 MR. KNIGHT: The application, as it's amended,
4 does require that the drainage system be certified by an
5 independent consulting engineer, which would be part of the
6 application, at least that's part of the language.

7 EXECUTIVE DIRECTOR FERMIN: That's correct. What
8 this amendment essentially does is put the responsibility or
9 the onus on the applicant. So once the system is installed,
10 the poly-track system is installed, it is the applicant's
11 responsibility to insure that an adequate drainage system be
12 installed, and they have to certify that by providing that
13 documentation to us. So it's really on the applicants to
14 provide that.

15 COMMISSIONER MOSS: So the applicant being the
16 local track.

17 EXECUTIVE DIRECTOR FERMIN: Correct, correct.

18 COMMISSIONER MOSS: Okay, thank you.

19 COMMISSIONER AMERMAN: I'm the new kid on the
20 block, so I might ask a question and you've gone over it,
21 but is there -- say we have to install synthetic type tracks
22 by January 1, 2008, but there are different types of
23 synthetic tracks, and we generically seem to be calling it
24 poly-track, but there are others.

25 CHAIRPERSON SHAPIRO: Yes.

1 COMMISSIONER AMERMAN: Now, does this Board have
2 any ability to review the types that are being put in and
3 the reasons thereof?

4 CHAIRPERSON SHAPIRO: This Board certainly, every
5 year, prior to every race meeting there is an inspection of
6 every track.

7 COMMISSIONER AMERMAN: I understand that, I'm just
8 saying if we have a cushion track versus a poly-track,
9 versus a, I call it Michael Dickinson track, I don't know
10 what he calls it.

11 CHAIRPERSON SHAPIRO: It's a Tapeta.

12 COMMISSIONER AMERMAN: Oh, Tapeta, that's his
13 farm, yeah.

14 CHAIRPERSON SHAPIRO: It's Tapeta pudding.

15 COMMISSIONER AMERMAN: They would vary, I would
16 assume. And again, one of the things we're I think trying
17 to do is have surfaces that are compatible as you go from
18 one meet to the next meet, maybe they should be the same or
19 try to be somewhat the same. And I'm just wondering how
20 much these vary and will we have the same situation where
21 you go from a dirt track at Del Mar, to Santa Anita, to
22 Hollywood, and they do vary, are we going to have the same
23 thing, again?

24 CHAIRPERSON SHAPIRO: We probably will, in al
25 reality. I think the Board didn't feel that we had the

1 authority, nor should it recommend any particular vendor.
2 And, therefore, what we did was we invited all of the
3 vendors that were marketing synthetic surfaces to come and
4 make presentations to the industry, to all the trainers,
5 whoever wishes to come. But it was not the Board's intent
6 to dictate which vendor they needed to use.

7 Now, what we did see was that all of them
8 contained the same types of materials, although with varying
9 amounts of how much fiber, how much rubber, how much sand,
10 and the type of wax that they were using, and they all
11 incorporated a very similar drainage system.

12 But just like every dirt track is in fact
13 different, and they can be different because of climate, as
14 well, and conditions that each venue has to deal with, I
15 think that there wasn't any way for us to mandate the exact
16 composition of what a track surface should be.

17 COMMISSIONER AMERMAN: No, I agree with that
18 totally. What I was trying to get at, though, is each
19 variation, do they meet the parameters of what we're trying
20 to accomplish with a synthetic track. In other words, do
21 they all solve the issues, do we know whether they will
22 solve the issues because this is a big investment by each
23 track that it's got to be put in. And I want to make sure
24 that -- not I, but I think that we should be assured that it
25 does work when it gets installed.

1 CHAIRPERSON SHAPIRO: I agree with your comments.
2 I'm not sure that we know exactly how to do that, nor do I
3 think the tracks know, with complete, definitive assurance,
4 it will work. I think each of the tracks, spending that
5 much money, is going to make the best effort they can to put
6 the best track surface in.

7 I know that each of the tracks that are
8 investigating this had met with each of the vendors, or most
9 of the vendors, and they are tailoring the track to both
10 meet the safety needs and achieve the desired results, and
11 also take into consideration the unique circumstances of the
12 tracks.

13 The track at Santa Anita, which probably will have
14 to deal with much more heat variation, has different
15 concerns of making sure the wax is not going to
16 disintegrate.

17 Whereas in a cultural environment, such as Del Mar
18 or Hollywood Park, they won't have particularly the same
19 considerations.

20 And what we learned from Keeneland was that the
21 track at Turfway, which is not the track any of us desire,
22 was mixed with perhaps too much rubber and fiber, which
23 created the kickback, because they were concerned that the
24 track would freeze.

25 So what we learned from that was that each track

1 is somewhat of a fingerprint and that it will vary slightly,
2 depending on where it's located. But all of them were of
3 the same system, which included the drainage, a base, and
4 then the top surface, which would be customized for a
5 particular vendor.

6 So I don't know how else to answer the question
7 that you asked.

8 COMMISSIONER AMERMAN: Okay, thank you very much.

9 CHAIRPERSON SHAPIRO: Okay, public comment.

10 Mr. Jamgotchian, do you have a comment on this item?

11 MR. JAMGOTCHIAN: Yes. Just a question to
12 Mr. Knight. Is the certification by a third-party
13 inspector, or could that certification be by the track
14 installer? Because it's really useless to have the track
15 installer certify that the drainage system's in, it should
16 be a third-party track installer.

17 MR. KNIGHT: I'm just reading from the amendment
18 to the application, what it says was "the drainage system
19 shall be certified by an independent consulting engineer,"
20 that's how the -- what they will be required to do.

21 MR. JAMGOTCHIAN: It might be better to offer a
22 third party, that way you might get a true certification.

23 Also, maybe you could consider, like most building
24 departments do, a deputy inspector, who would inspect as the
25 track is being developed to make sure that you actually have

1 a drainage system.

2 Additionally, Mr. Amerman's point's right on the
3 button. And, Mr. Amerman, there was a rush to judgment on
4 poly-track. There really is no planning and no leadership
5 with regards to uniformity. Whatever the associations
6 provide, that's what we, as horse owners get. So if it
7 works, it works, so that's great. If it doesn't work,
8 obviously, we'll be shipping out to other tracks in the
9 United States.

10 One other issue, in this application, Mr.
11 Chairman, as a horse owner I'm really concerned that we're
12 going to be charged \$7 a day, like Turfway Park is charging
13 trainers and owners in the off season.

14 And as part of this application for a license, I'd
15 like the CHRB Board to show, if possible, some leadership
16 and make it mandatory that these tracks do not charge owners
17 and trainers \$7 a day in the off-meet to train at the poly-
18 track surface, like either at Hollywood Park.

19 Because if the owners get hit for another \$7 a
20 day, I think that's going to limit the horse population,
21 that's going to reduce handle, and that's going to be a
22 pretty significant and negative element for California
23 racing.

24 So Mr. Shapiro, Ms. Fermin, if you have the
25 leadership desire in this particular case, I think you ought

1 to refuse to allow the tracks to charge \$7, like Turfway is,
2 to the trainers who are training there in the off season.
3 Thank you.

4 CHAIRPERSON SHAPIRO: Thank you. Item Number 12,
5 staff presentation of the monthly statistical report: which
6 includes year-to-date handle and attendance information.

7 On this matter, this is a work in progress. What
8 we're trying to do is we're trying to improve the
9 statistical information that is provided to us, so that we
10 can better glean throughout the year how we're doing and
11 what we're doing, so that we can -- as we review license
12 application, we can look at what's going on in the industry
13 and not wait for just the end-of-meet reports. And so
14 that's why this agenda was placed on the -- this item was
15 placed on the agenda.

16 And with that, I'll turn it over to the staff.

17 MS. RARICK: Ysanne Rarick, CHRB staff. This is
18 like Mr. Shapiro was saying, that June 2005 versus 2006, the
19 monthly, and then my cumulative, which we had made
20 modifications to, that you requested at the last meeting, to
21 break that down into by meet.

22 CHAIRPERSON SHAPIRO: If I may, I think that the
23 comment was made, and I think it was a good one, I think we
24 should be adding to this first generation and Commission
25 revenue --

1 MS. RARICK: Right.

2 CHAIRPERSON SHAPIRO: -- so that we can, again,
3 try to build upon this as a platform, so that we can see how
4 we, as an industry, are doing throughout the year. And I
5 would encourage other Board members to help us with coming
6 up with a statistical report that is truly going to be
7 informative.

8 Going to the specifics of the information, on the
9 cumulative attendance, 2005 and 2006, I don't understand it
10 or it's incorrect, when you look at the numbers. Can you
11 walk us through just the top one, Northern Thoroughbred.

12 MS. RARICK: Okay, the 2005 would be the
13 attendance to date, from December 26th through June 30th.
14 The same goes for 2006. Then --

15 CHAIRPERSON SHAPIRO: Okay, let me ask you, so are
16 you saying that in 2005 there were 849,000 patrons live, on
17 track?

18 MS. RARICK: That is live, on track, at that point
19 of time.

20 CHAIRPERSON SHAPIRO: Okay.

21 MS. RARICK: And then for the same period, but the
22 different year, 2006, that would be the 797,000 to date.

23 CHAIRPERSON SHAPIRO: Okay.

24 MS. RARICK: And then the average daily change is
25 I took the -- because there's different amount of days 2005

1 and 2006, so I did an average to get you more of a true
2 number.

3 CHAIRPERSON SHAPIRO: So are you saying there that
4 the average -- that we're -- there's 251 less people average
5 per day --

6 MS. RARICK: Average per day.

7 CHAIRPERSON SHAPIRO: -- attending the races in
8 Northern California.

9 MS. RARICK: In Northern California, for 2006.

10 CHAIRPERSON SHAPIRO: Okay, and then the next one
11 is what throws me. What does that column mean?

12 MS. RARICK: That is the percent change of -- so
13 it would be .03 down.

14 CHAIRPERSON SHAPIRO: Of what, daily?

15 MS. RARICK: Of the daily, of the average daily
16 change.

17 COMMISSIONER HARRIS: Oh, so it wouldn't be .03,
18 would it, wouldn't it be 3 percent?

19 CHAIRPERSON SHAPIRO: Yeah, wouldn't it be 3
20 percent?

21 MS. RARICK: No, because it's down .03.

22 CHAIRPERSON SHAPIRO: It's down three percent?

23 COMMISSIONER HARRIS: But three percent is
24 different than .03 percent.

25 CHAIRPERSON SHAPIRO: Right. I think, if you look

1 at the numbers --

2 MS. RARICK: Oh, okay. I'd have to go and recheck
3 all that and --

4 CHAIRPERSON SHAPIRO: Okay, because I simply
5 looked at it and said, well, there's 50,000 fewer people
6 from year to year. So the numbers just don't seem to add to
7 me on this schedule.

8 MS. RARICK: Okay, let me go back and check it.

9 CHAIRPERSON SHAPIRO: So, again, it's a work in
10 progress, but please check your numbers because I don't
11 think the numbers are right.

12 MS. RARICK: Okay.

13 CHAIRPERSON SHAPIRO: So what we've gleaned from
14 this is that we are basically down, both in the south and
15 the north through June 30th, and we are barely, barely,
16 barely up in quarter horse and harness.

17 MS. RARICK: Correct.

18 CHAIRPERSON SHAPIRO: And we're down at the fairs.

19 MS. RARICK: We're down at the fairs.

20 COMMISSIONER HARRIS: You know what would be very
21 helpful is if we could have a few years back from 2005,
22 maybe 2004, and maybe back to 2001, so we can see whether
23 it's going down, or sideways or, in some cases, up.

24 MS. RARICK: Okay.

25 CHAIRPERSON SHAPIRO: And, again, I would suggest

1 that we add purse revenue generated commissions.

2 MS. RARICK: Purse.

3 CHAIRPERSON SHAPIRO: Now, you'll see that when we
4 get to our end-of-meet report, there is more historical
5 facts in there.

6 MS. RARICK: Exactly.

7 CHAIRPERSON SHAPIRO: But, again, all too often
8 we, as a Board, I don't think are focused on how are we
9 doing now, what's going on now, and what can we do to
10 reverse the trend or try to analyze it before the year's
11 over.

12 MS. RARICK: Right.

13 CHAIRPERSON SHAPIRO: It doesn't do us a lot of
14 good to go through a whole year and say, oh, look what
15 happened, let's try to make changes or adjustments now.

16 COMMISSIONER HARRIS: Yeah, we've got so many
17 different allocations of money, too, I think it would be
18 good to have some chart that showed how much is actually
19 coming back to purses and commissions, because that's really
20 what fuels the industry.

21 CHAIRPERSON SHAPIRO: I agree. And so I would
22 encourage all the Board members to spend time on this and
23 let's try to develop it.

24 I also have seen reports generated by
25 organizations, such as TOC, where they really track it. And

1 so I would encourage you to see if you can get one of their
2 reports and work -- and I see Mr. Couto is nodding that
3 he'll give them to you.

4 MS. RARICK: I believe I --

5 CHAIRPERSON SHAPIRO: Okay, and see what we can
6 model from that. I know, Ysanne, you're new, and you're
7 welcome, we're glad to have you, but I think it would be
8 helpful to us.

9 MS. RARICK: Thank you.

10 CHAIRPERSON SHAPIRO: All right, thank you.

11 Moving on to Item Number 13. Discussion and
12 action by the Board on the request from the California
13 Authority of Racing Fairs for the temporary suspension of
14 CHRB Rule 1606, coupling of horses for Northern California
15 fair meets.

16 STAFF SERVICES MANAGER I WAGNER: Jackie Wagner,
17 CHRB staff.

18 Mr. Chairman, before we proceed with Item 13, if
19 we can just back up for Item 11 for a moment, I just need
20 some clarification as to the action we're going to take for
21 the amendment to the application for the poly-track, was
22 that any -- was the motion made to go ahead and notice this?

23 CHAIRPERSON SHAPIRO: You know what, I think the
24 Chair goofed.

25 STAFF SERVICES MANAGER I WAGNER: I just wanted to

1 make sure, I need my marching orders.

2 CHAIRPERSON SHAPIRO: You're absolutely right, I
3 didn't take action, I'm sorry. If we could go back to Item
4 Number 11, I'll move that we approve Item Number 11 and we
5 put out the 45-day comment.

6 Is there a second?

7 COMMISSIONER AMERMAN: Second.

8 CHAIRPERSON SHAPIRO: All in favor?

9 (Ayes.)

10 CHAIRPERSON SHAPIRO: Thank you, Jackie.

11 STAFF SERVICES MANAGER I WAGNER: Thank you.

12 CHAIRPERSON SHAPIRO: Now, you can start with that
13 Jackie Wagner, CHRB speech.

14 STAFF SERVICES MANAGER I WAGNER: Yeah, you got
15 that. Jackie Wagner, CHRB staff.

16 The rule before you is a request for temporary
17 suspension of Rule 1606 from the California Authority of
18 Racing Fairs.

19 As you know, the Board held a special
20 teleconference Board meeting in May, and at that time the
21 Board voted to temporarily waive Rule 1606, coupling, as
22 well as specific paragraphs of our pari-mutuel wagering
23 regulations.

24 This experimental waiver was extended to the
25 Hollywood Park Race Meet, as well as the Bay Meadows Race

1 Meet.

2 At the June Board meeting we heard a proposal from
3 Los Alamitos Racecourse to be included in the experimental
4 waiver, and that was approved by the Board.

5 Subsequently, we have received a request from CARF
6 to be included in the waiver for Rule 1606, and this item is
7 presented to you for discussion and any potential action.

8 CHAIRPERSON SHAPIRO: My only comment on this is
9 we said we were doing this as an experiment, and I'm -- I
10 don't want to disadvantage any entity, but the experiment's
11 kind of turning into just an ongoing, everybody join in the
12 experiment. So I thought what we were going to do was look
13 for a specific period of time to see what we found before we
14 got into doing something on a almost permanent basis.

15 COMMISSIONER MOSS: I agree, I agree. We were
16 going to look at everything after the Hollywood meet, I
17 thought and, you know, make a decision as to whether it was
18 a useful tool or not. And I'm just wondering if the data
19 has been collected that we can look at.

20 COMMISSIONER HARRIS: Yeah, I think there was some
21 data that we received on Bay Meadows that looked pretty
22 favorable, but I don't know if we have an item on the agenda
23 to discuss that little experiment.

24 EXECUTIVE DIRECTOR FERMIN: I think we indicated
25 that we were going to give them to the August meeting.

1 Initially, it was at the end of the Hollywood Park, and then
2 they said that they -- when we brought in Los Alamitos, they
3 decided that it would go until the August meeting.

4 Chris Corvi had indicated that he would be here,
5 he has an illness in the family and --

6 CHAIRPERSON SHAPIRO: No, his father passed away.

7 EXECUTIVE DIRECTOR FERMIN: Oh, he did. I know he
8 was very ill.

9 CHAIRPERSON SHAPIRO: What I would like to do is I
10 would -- you know, in the past, where there's been
11 circumstances, they have -- racing associations have been
12 able to make a special request to waive the rule for a
13 particular race. And I would prefer that we not extend the
14 experiment, but allow them, if there's a particular race,
15 and they've been advised of this, that they can call and
16 present the facts and ask for an exemption for that race.
17 And stick to the experiment we have, at which point I think
18 it would probably be best that we get the data, that it go
19 first to the Pari-Mutuel Committee. This came out of the
20 Pari-Mutuel Committee. Let them review it and then come
21 back and make a recommendation to the Board. If that's okay
22 with Commissioner Moss?

23 COMMISSIONER MOSS: Oh, yeah, for sure. I think I
24 would agree. I would agree with Jim and what you're
25 suggesting. Because this was just an experiment and let's

1 decide if the experiment was successful before we start
2 granting approval for everybody to continue with the
3 experiment.

4 So as soon as we get the data, we can meet and
5 then discuss it, and then report to the Board.

6 CHAIRPERSON SHAPIRO: Then if staff would make
7 sure that you circle back, Bernie Thurman did send
8 information on Bay Meadows, but go back and get the
9 information from Bernie Thurman for Hollywood Park and also,
10 then, for Los Alamitos through the period, I think that it
11 can be reviewed and we can put this -- have a scheduled
12 Pari-Mutuel Committee meeting and then put it back on our
13 board.

14 MR. KNIGHT: Mr. Chairman?

15 CHAIRPERSON SHAPIRO: Yes.

16 EXECUTIVE DIRECTOR FERMIN: I would just like to
17 comment that we have had, in fact there was one yesterday,
18 where stake races on the fair circuit have called and asked
19 for special permission and, you know, submitted information
20 and it has been granted, it's been just a couple of
21 occasions that --

22 COMMISSIONER HARRIS: There were a few up there
23 that they didn't do that.

24 CHAIRPERSON SHAPIRO: Right.

25 COMMISSIONER HARRIS: But I think they have to

1 ask.

2 EXECUTIVE DIRECTOR FERMIN: Right.

3 COMMISSIONER HARRIS: But I think one of the
4 problems was I don't think they were really familiar with
5 the need to ask.

6 EXECUTIVE DIRECTOR FERMIN: They're asking, now.

7 CHAIRPERSON SHAPIRO: I spoke with Chris Corvi,
8 and told him, and he relayed it to all of the different
9 fairs.

10 MR. KNIGHT: Since you have this on the agenda, my
11 suggestion would be that perhaps you want to delegate that
12 kind of ad hoc authority to Ingrid, at least through the
13 summer fairs, to make those kinds of decisions. Since the
14 rule says the Board can waive, and this will just take care
15 of any possible issues.

16 CHAIRPERSON SHAPIRO: All right. Mr. Jamgotchian?

17 MR. JAMGOTCHIAN: Well, that's interesting because
18 that's exactly where I was going, because it just -- I'm
19 affected by it, and Ms. Fermin basically usurped the Board's
20 authority. And in my particular race, which is the
21 Fairfield Stakes, I just happened to have two horses in that
22 race, the race had a short field in it, and instead of
23 having them coupled, they're now running as separate
24 interests.

25 Well, that totally is in violation of the rules.

1 Although, the rules, I don't believe, are being followed by
2 Ms. Fermin, but that's just another issue.

3 MR. JAMGOTCHIAN: So my horses are running
4 uncoupled in the Fairfield Stakes, in violation of this
5 rule. Then I read that there's really no rule and it
6 shouldn't be happening.

7 So what is it, will my horses be coupled or will
8 my horses be running as separate betting interests; can
9 somebody tell me?

10 CHAIRPERSON SHAPIRO: They will be running --
11 again, I'm not familiar with the --

12 MR. JAMGOTCHIAN: Well, who is, Mr. Shapiro. You
13 say you're not familiar with anything. You write me letters
14 saying you're not familiar with this, you're not familiar
15 with that. Who's familiar with taking my horses in a stakes
16 race and splitting them? I want to know who's familiar with
17 that and give me some information.

18 COMMISSIONER HARRIS: I think that decision is
19 probably made by the racing secretary and he would --

20 MR. JAMGOTCHIAN: Not true, Mr. Harris. Not true,
21 Mr. Harris.

22 COMMISSIONER HARRIS: If the track does not want
23 to do it, they do not have to do it.

24 MR. JAMGOTCHIAN: The track contacted Ms. Fermin -
25 - the track contacted Ms. Fermin, who then made an executive

1 decision to uncouple my horses.

2 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, as I just
3 stated a moment ago, we do waive the rule upon a special
4 request, and it was requested that that race be split, and
5 the charts of that race were reviewed, and it was a
6 determination made that those two horses would be uncoupled
7 for wagering purposes.

8 MR. JAMGOTCHIAN: In violation of the California
9 Horse Racing Board. Because the only people who have the
10 ability to change the rule is the Board, not Ms. Fermin.
11 So, once again, my horses are running to the disadvantage of
12 bettors up there because, once again, as Mr. Moss stated, if
13 you're running entries, and I think that Westly Ward raised,
14 at Santa Anita said, and explained to us, that there are two
15 horses that should have been coupled, one happened to win
16 and one happened to run last. If those would have been
17 coupled, obviously, that people would have won.

18 And as many people have come up here from the
19 betting side, they've complained about this. But the Board,
20 now, has expanded this throughout Southern California and I
21 just think it's grossly unfair to the bettors.

22 But then, again, I think you guys are more aligned
23 with the tracks than the bettors. Thank you.

24 COMMISSIONER MOSS: I'd like to correct you,
25 Mr. Jamgotchian, in running the Pari-Mutuel Committee, the

1 bettors wanted to have this experiment, the betters.

2 MR. JAMGOTCHIAN: Yeah, but there was a couple of
3 people that came up here, that voiced some significant
4 concerns. Not at this room, but in I think it was the Santa
5 Anita hearing, and they were very concerned about the fact
6 that there be chicanery going on.

7 There were people opposed and there were people
8 for.

9 COMMISSIONER MOSS: Well, that's why we're having
10 an experiment.

11 MR. JAMGOTCHIAN: Right. But the experiment now
12 is a statewide experiment, and as you said, it was supposed
13 to be limited to just one track.

14 COMMISSIONER MOSS: I think it's been approved at
15 two or three tracks, and now we're going to look at the data
16 and we'll get the information.

17 MR. JAMGOTCHIAN: Okay. Well, it's been expanded
18 to the fair tracks this weekend, in the Fairfield stakes,
19 and I think it's wrong. Thank you.

20 CHAIRPERSON SHAPIRO: Okay, Item Number 14.
21 Discussion and action by the Board on the nomination of
22 members to the Board of Directors of the California
23 Thoroughbred Horsemen's Foundation, Inc.

24 STAFF SERVICES MANAGER I WAGNER: Jackie Wagner,
25 CHRB staff.

1 The California Thoroughbred Horsemen's Foundation,
2 which is a horsemen's welfare organization, pursuant to the
3 law, is requesting the approval of its four nominees for the
4 board of directors.

5 The nominees are Mr. Robert Fein, Barbara
6 Scurfield, Dr. Randall Browning, and Rick Arthur, who is a
7 current board member, and this would be a continuing
8 nomination for him.

9 Staff would recommend that the Board approve this
10 request.

11 CHAIRPERSON SHAPIRO: Anybody have any comment?

12 If not, I'll entertain a motion to approve it.

13 COMMISSIONER HARRIS: So moved.

14 COMMISSIONER AMERMAN: Second.

15 CHAIRPERSON SHAPIRO: All in favor.

16 (Ayes.)

17 CHAIRPERSON SHAPIRO: Item Number 15. Discussion
18 and action by the Board on the request of the Pacific Racing
19 Association to distribute charity proceeds in the amount of
20 \$53,000 to 12 beneficiaries.

21 STAFF SERVICES MANAGER I WAGNER: Jackie Wagner,
22 CHRB staff.

23 The Pacific Racing Association is requesting
24 approval for distribution of its Charity Race Dates proceeds
25 to 12 beneficiaries in the amount of \$53,637. This

1 represents a 76 percent distribution to industry-related
2 organizations and we would recommend that the Board approve
3 this request.

4 CHAIRPERSON SHAPIRO: Is there any comment by
5 anybody?

6 If not, I'll entertain a motion.

7 COMMISSIONER HARRIS: So moved.

8 CHAIRPERSON SHAPIRO: Second?

9 COMMISSIONER MOSS: Second.

10 CHAIRPERSON SHAPIRO: All in favor?

11 (Ayes.)

12 COMMISSIONER AMERMAN: Is there any guideline, Mr.
13 Shapiro, on how much should go to racing and how much should
14 get to outside charities?

15 CHAIRPERSON SHAPIRO: Yes, there is. I believe
16 that the guideline is 50 percent to racing and 50 percent to
17 nonracing, so this exceeds that.

18 COMMISSIONER HARRIS: It's a minimum guideline.

19 CHAIRPERSON SHAPIRO: It's a minimum guideline.

20 COMMISSIONER AMERMAN: I'm sorry?

21 CHAIRPERSON SHAPIRO: There's a minimum guideline
22 that 50 percent of the proceeds go to racing interests.

23 COMMISSIONER AMERMAN: When was that established?
24 I'm not quarreling with the rule, that's the way it is, but
25 50 percent seems fairly low because we're really trying to

1 give back to racing and, you know, it could be just given
2 away to local charities, which is very good for the
3 racetrack, I suppose, but maybe not so good for racing
4 interests.

5 CHAIRPERSON SHAPIRO: I can't tell you when that
6 rule was -- that guideline was imposed.

7 COMMISSIONER HARRIS: There was a legislation, I
8 think.

9 STAFF SERVICES MANAGER I WAGNER: It's a part of
10 the law, I believe, and I don't recall exactly when that was
11 enacted. But it is part of the law. I can get that for
12 you.

13 COMMISSIONER AMERMAN: Yeah, just out of
14 curiosity, because it does seem like we should be doing more
15 for --

16 CHAIRPERSON SHAPIRO: We, as a Board, have been
17 trying to push that up and to get more to go back, and
18 especially in light of one of the things that's happened to
19 some of our back stretch programs is that as less uncashed
20 tickets, because of ADW wagering, right, their revenues have
21 fallen down.

22 COMMISSIONER HARRIS: They counted on it, yeah.

23 CHAIRPERSON SHAPIRO: So we have been trying to
24 push more of these monies to go to back stretch programs and
25 equine-related programs.

1 COMMISSIONER HARRIS: And recently it's far
2 exceeded the 50 percent.

3 CHAIRPERSON SHAPIRO: Correct.

4 COMMISSIONER HARRIS: The vast majority of that
5 goes to --

6 COMMISSIONER AMERMAN: It's very important that we
7 reach out to the racetracks and point out the problems that
8 we're facing on the back stretch, and so forth, and
9 encourage them to increase the amount of money.

10 CHAIRPERSON SHAPIRO: Commissioner Amerman, I
11 totally agree with you, as we all do, I believe.

12 The next agenda item is the Los Angeles Turf Club
13 distribution of charity proceeds.

14 STAFF SERVICES MANAGER I WAGNER: Jackie Wagner,
15 CHRB staff.

16 The Los Angeles Turf Club is requesting approval
17 for its distribution of Charity Race Dates proceeds to 37
18 beneficiaries, in the amount of \$267,791, and this
19 distribution represents 75 percent to industry-related
20 organizations. We would recommend that the Board approve
21 this request.

22 CHAIRPERSON SHAPIRO: I looked at it and, frankly,
23 the numbers don't add up that I see. Of the \$262,000, if
24 you look at what's in our packet, the first horse-related
25 charity adds to 118,000, then the Welfare Fund for Back

1 Stretch Personnel, which continues at 65,000, well, that
2 doesn't add to 262,000, so I'd like to know who else is
3 getting the rest of the money.

4 Mr. Charles, maybe perhaps if he's in the
5 audience?

6 COMMISSIONER HARRIS: Maybe there's a typo.
7 That's got to be it, right.

8 CHAIRPERSON SHAPIRO: And I know he's well-versed
9 in this, I'm just sure.

10 MR. CHARLES: Oh, boy.

11 CHAIRPERSON SHAPIRO: Hey, it was 11:30 at night
12 and I'm adding numbers.

13 MR. CHARLES: Well, let me bluff my way through
14 this one. Ron Charles, MEC. I spoke with Frank DeMarco
15 this morning and he had assured me that 75 percent, it's
16 basically a .2 percent of one percent of the live -- of the
17 total track's live racing that goes to these charities. And
18 it was my understanding, and I looked at those numbers,
19 also, and they didn't add up, that 75 percent of that goes
20 to horse-related charities.

21 CHAIRPERSON SHAPIRO: Is this just the horse-
22 related charities and we're missing the others?

23 MR. CHARLES: Oh, absolutely. I think there are
24 some other ones here but, to be honest with you, I'm going
25 to have to talk to Mr. DeMarco, who is in charge of this.

1 CHAIRPERSON SHAPIRO: Then what I would suggest is
2 that we defer this matter to our next meeting.

3 MR. CHARLES: That would be fine.

4 CHAIRPERSON SHAPIRO: Until Mr. DeMarco can give
5 us an accurate count.

6 COMMISSIONER HARRIS: It might be good if they can
7 go ahead and distribute to the horse-related charities, at
8 least, so they --

9 CHAIRPERSON SHAPIRO: Well, my only hesitation
10 there is maybe they're wrong, maybe there's more going to
11 these horse-related charities. I'm not trying to hold up
12 their money but maybe, you know, Race for Education is
13 supposed to be \$10,000. I just --

14 MR. CHARLES: Listen, I understand and we can
15 clear it up next month. Really, this is Frank's area. And
16 I talked to him on the phone and he seemed comfortable with
17 the numbers. Obviously, the numbers don't add up, so we'll
18 be glad to address it next month.

19 COMMISSIONER AMERMAN: Would it be possible that
20 your organization find out what the real numbers are and get
21 back to Mr. Shapiro, and if they're in the 75 percent
22 guideline, then we can get the money out sooner, rather than
23 later.

24 MR. CHARLES: I appreciate that. And once again,
25 let me just get you a complete listing and so that the

1 numbers do make sense. And if they do, if we can show where
2 the numbers are actually accurate and we've either left
3 something off, or the percentage is off, it would be nice if
4 we could get this money to the charities.

5 CHAIRPERSON SHAPIRO: If we could take action that
6 then, I guess, authorizes the Chairman to approve the
7 distribution, subject to receipt?

8 COMMISSIONER MOSS: I make that motion?

9 CHAIRPERSON SHAPIRO: Second. All in favor?

10 (Ayes.)

11 MR. CHARLES: Okay, can I just -- Robert brought
12 up a real quick point. Do you have pages 16 -- do you have
13 page 16-4?

14 STAFF SERVICES MANAGER I WAGNER: No.

15 CHAIRPERSON SHAPIRO: No.

16 MR. CHARLES: Okay.

17 CHAIRPERSON SHAPIRO: I guess that's what we're
18 missing.

19 MR. CHARLES: You're missing that page.

20 CHAIRPERSON SHAPIRO: Would you bring that?

21 Right, then maybe we can -- great, okay.

22 All right. Well, why don't we approve this
23 motion, I'll review it, and we'll get this resolved so that
24 everybody gets their money. And yes, I now see that there
25 are a lot of other charities.

1 MR. CHARLES: And as I talked to Frank, it is the
2 figure, because you had asked for the percentage, it is 75
3 percent going to race-related charities.

4 One other issue real quick, what we have done at
5 Santa Anita and what we're beginning to do at Golden Gate is
6 taking some of our older equipment and donating it to some
7 of the farms that are working with the retired horses.

8 CHAIRPERSON SHAPIRO: Excellent.

9 MR. CHARLES: Just a point of interest and it
10 might be something where a number of the tracks have some
11 equipment laying around that some of these farms could use
12 and we could --

13 COMMISSIONER HARRIS: That's great, as long as
14 it's not your calculator.

15 MR. CHARLES: It's just a phase.

16 COMMISSIONER AMERMAN: Mr. Charles, I'm on the
17 board of several of those farms for retired horses, and they
18 deeply appreciate your help.

19 MR. CHARLES: We're glad to do it and I think
20 you'll be seeing more of it. Thank you.

21 CHAIRPERSON SHAPIRO: Thank you. Okay, we're
22 getting to the end, folks.

23 Item Number 17. Discussion and action regarding
24 the development of conflict of interest policy for CHRB
25 Board members. This matter has been, as I understand it,

1 this Board is required to develop some internal type of
2 guidelines for conflict of interest and I'm going to defer
3 to Commissioner Harris, who I think has spoken to
4 Assemblyman Levine, and you might be able to --

5 COMMISSIONER HARRIS: Well, I think there was
6 attempt last year to legislate us to do that. I don't think
7 that legislation went through, but I think it's something we
8 need to have in any event. And I think we need something
9 fairly simple. One of the big issues is should you be able
10 to be on the Board and own horses, which I think you should
11 be. It's in the law, now, that you can own horses and be on
12 the Board.

13 But I think a lot of conflict of interest
14 statements are dependent on disclosure, if there's somebody
15 doing business with somebody that's being licensed, if they
16 need to recuse themselves at certain times. We just need to
17 have something we can point to as our conflict of interest
18 statement. It might be some kind of a work in progress.
19 But I'm not sure what some other boards have that would be
20 somewhat similar, but I think a lot of it is -- we do fill
21 out a lot of reports that are available to the public.
22 You've got everyone's complete financial disclosures of
23 everything they have. And I think there's some section in
24 there that any business you've done with anybody.

25 But I just want to get it on the agenda as

1 something to start with and we can, I think, direct our
2 staff to come up with a draft of what other agencies might
3 have and what -- I think we want to make it fairly concise
4 and short, but at least have something to point to that does
5 seem logical.

6 EXECUTIVE DIRECTOR FERMIN: And we have requested
7 other agencies to submit some information to us on what
8 their policies are.

9 CHAIRPERSON SHAPIRO: Well, perhaps staff could
10 draft something as a starting point that would allow us to
11 embark upon. I think one of the differences of this Board
12 and others is that we are both participants in the industry
13 that we regulate and, also, we regulate a business versus
14 just a board. And yet, I think that it is important that we
15 do develop these such that, you know, we're not acting in
16 conflict to better our own self-interests, and some of us do
17 have horses.

18 So perhaps staff could come up with a draft for us
19 and then we could use that as a stepping off point.

20 All right, we'll move on to -- Ysanne, how about
21 telling us about the staff report on the concluded race meet
22 at San Joaquin Fair?

23 MS. RARICK: Yeah, this is a summary for the race
24 meet at San Joaquin Fair, which was held June 14th to June
25 25th, for a total of ten race days. As you know, most of

1 the figures were down.

2 I spoke with Forrest White and he believes that
3 part of the problem might have been that out of the ten race
4 days, seven of them were over 100 degrees, and then the last
5 four days were over 105.

6 CHAIRPERSON SHAPIRO: You know, at our last Board
7 meeting we had a discussion, and I believe on August 10th
8 we're going to have a strategic planning and dates meeting,
9 a committee meeting. To me, this just underscores, again,
10 the need to look at how the fairs are working within the
11 racing business.

12 The numbers are dismal. You know, they're just
13 dismal. And as I understand it, Vallejo isn't having a very
14 good meeting, as well, they're way off.

15 And it's very tough when we have horses that can't
16 get races, and there's no place for them to race, the purses
17 at -- these fairs can't generate purse revenue to card races
18 for some of these horses, and I think it's just incumbent
19 upon this industry to look at the calendar and find a way to
20 perhaps create some combined fairs at different venues, so
21 that we can support holding onto these horses and our racing
22 program.

23 To me, this is very indicative of what part of the
24 problem is. So I think, also, we have to look at what are
25 these fairs doing to promote themselves as fairs.

1 I was very disappointed when one of the fairs, and
2 I don't even remember which one, thought a promotion of
3 selling hats was a promotion. You know, we've got to find a
4 way to make the fairs a viable part of the industry, as long
5 as all of the racing associations.

6 And so, personally, I think this is very
7 unfortunate but we, as a Board, and as an industry have to
8 really take a serious look at this and make change.

9 Does anybody else want to comment on this?

10 If not, is there any public comment on this
11 matter?

12 Thank you. Okay, Item Number 19, general
13 business. This is communications, reports, requests for
14 future action by the Board.

15 Mr. Jamgotchian?

16 MR. JAMGOTCHIAN: I'd rather follow something
17 other than the dismal projections or the actual revenue
18 generation of the fairs. But, once again, I believe that
19 this is a leadership issue that the Board, and especially
20 Ms. Fermin have to look at, to look in the mirror and say
21 are we doing the best job we can do.

22 Because, as an owner, I know you're not. You
23 know, you don't even talk about the Hollywood Park meeting
24 that just concluded. Do any of you know about the
25 percentage of decrease in attendance? I mean, that's what

1 you guys are sitting up there for, and that's what Ms.
2 Fermin's hired to do.

3 And every time I come to this meeting, it just
4 sounds worse and worse. Maybe that's why California owners,
5 like May Seigal, and other people on the Board, I'm
6 stripping horses out because I don't see a future for
7 California horse racing. It's not because of the weather,
8 it's not because of the totalizing equipment, it's because
9 of the lack of leadership.

10 And I see the staff here, I see very nice young
11 ladies working here, but I don't see a lot of depth of staff
12 that are going to get us through these turbulent times. I
13 see people that are good-intentioned, but there's no
14 direction. There's no direction coming from Ms. Fermin,
15 there's no direction coming from the Board, I don't believe.

16 Now, with regards to direction, for six months
17 I've asked you, Mr. Shapiro, where is the rule book? And
18 for six months you've done nothing but give me excuse, after
19 excuse, after excuse.

20 This is August of 2006, can you tell me where I
21 can buy a rule book? And that's been your comment, silence.
22 And I don't think that as a Chairman of the CHRB that
23 silence should be your answer.

24 When can the trainers, the owners, and the people
25 that have to follow the rules know what the rules are. Now,

1 don't tell me about the website --

2 CHAIRPERSON SHAPIRO: Do you want me to answer
3 your question?

4 MR. JAMGOTCHIAN: Yeah, I want to buy a rule book.

5 CHAIRPERSON SHAPIRO: First of all, the Hollywood
6 Park meeting has just concluded and staff has not put
7 together a report and that's why it's not on an agenda.

8 Now, having said that, I believe their attendance
9 was down 16.3 percent. So, yes, I do know on track.

10 Now, with respect to the rule book, they are in
11 print, they are being printed, and in two weeks you will be
12 able to buy a rule book, and those rule books will be
13 disseminated to each of the CHRB offices so that anybody who
14 chooses to buy a rule book will be able to.

15 As well as you are welcome to go onto our website
16 and you, as you do know, can look up any rules that you wish
17 on our website.

18 However, we are printing the rule books. And the
19 law books will not be printed until the session is over.
20 And while you haven't requested that they, too, will be put
21 into print.

22 MR. JAMGOTCHIAN: So you expect to have the rule
23 books in two weeks; correct?

24 CHAIRPERSON SHAPIRO: Yes, sir.

25 MR. JAMGOTCHIAN: Thank you. Secondly, with

1 regard to Mr. Minami, Mr. Minami served the CHRB for 31
2 years. Does the Board have any intention on awarding
3 Mr. Minami any certification or thank him for his tenure?

4 CHAIRPERSON SHAPIRO: That's a personal matter and
5 so we will not comment on that. Thank you.

6 MR. JAMGOTCHIAN: So you don't believe that some
7 kind of a commendation for his 31 years is something that
8 you should do. I understand.

9 With regards to an issue that's been disturbing
10 and nothing's been done by Ms. Fermin, nor their staff, is
11 that's unlicensed people in the back stretch. There's
12 unlicensed people at Hollywood Park that were watching one
13 of my horses in a stakes race, that I believe might have
14 just gotten out of jail. I'm not sure. Tattoos all over
15 their neck and all over the arms. And I asked the guy if he
16 had a license and he said, no, we don't have licenses.

17 Well, we've got race horses back there, and
18 there's nobody back there that has a license, that monitors
19 our horses from a security perspective? And how many times
20 do I have to come up to the microphone and ask you to have
21 some kind of situation or procedure to have these people,
22 who monitor our race horses, in very important stakes races,
23 they're not licensed.

24 Are they licensed, Mr. Shapiro?

25 EXECUTIVE DIRECTOR FERMIN: I'd like to ask

1 Mr. Sullivan to respond to -- we just discussed the
2 qualification for the people for Elite here, if you don't
3 mind?

4 MR. SULLIVAN: Take the microphone?

5 EXECUTIVE DIRECTOR FERMIN: Sure.

6 MR. JAMGOTCHIAN: Please.

7 MR. SULLIVAN: Hi, Bill Sullivan, Del Mar
8 security. Currently, we use Elite Services, it's a private
9 security company. The people that work for Elite, they're
10 not licensed by CHRB, but they are licensed by the State as
11 security guards and they've gone through a check to satisfy
12 that.

13 EXECUTIVE DIRECTOR FERMIN: Okay, and when we
14 discussed it before, I think you also mentioned something
15 about the consumer affairs, and the amount of training that
16 they need to have, and that they do have background checks.

17 MR. SULLIVAN: Correct, they do, and that's what
18 it takes to get the license. They start out with required
19 training. To get the license in the first place, they get a
20 check before they ever get the license, and then they're
21 required to update training every year with a day's training
22 to stay qualified in their position.

23 MR. JAMGOTCHIAN: Okay, thank you.

24 CHAIRPERSON SHAPIRO: Thanks.

25 MR. JAMGOTCHIAN: Was that procedure in place at

1 Hollywood Park, because I don't believe it was. If there is
2 some kind of ruling or some kind of mandate that's been
3 provided, I think I'd like to see it, because at Hollywood
4 Park I certainly didn't see anybody that would have
5 qualified for any testing of security guards. And if Del
6 Mar has it, I commend them for it.

7 With regards to a recent lawsuit that I filed for
8 a public records request, the judgment was tendered on my
9 behalf, and the CHRB will be paying legal fees, and we'll
10 let you know how much when the judge decides.

11 Also, very disheartening in that lawsuit, a CHRB
12 investigator, Doug Ashenbrenner, filed a complaint with the
13 State Bar for the Attorney General who represents
14 Mr. Slender --

15 CHAIRPERSON SHAPIRO: Okay, Mr. Jamgotchian --

16 MR. JAMGOTCHIAN: This has nothing to do -- this
17 has nothing to do with the CHRB.

18 CHAIRPERSON SHAPIRO: As you know, we are not
19 going to discuss any litigation that is pending or is in
20 front of this Board, whatsoever.

21 MR. JAMGOTCHIAN: There's no litigation.

22 CHAIRPERSON SHAPIRO: Please do not discuss any
23 litigation or investigations.

24 MR. JAMGOTCHIAN: There's no litigation in front
25 of this Board. The litigation is against Mr. Slender,

1 personally.

2 CHAIRPERSON SHAPIRO: We are not going to discuss
3 any litigation.

4 MR. JAMGOTCHIAN: Just to say that an investigator
5 filed, with the State Bar, a complaint stating that he was
6 told to lie in a deposition.

7 CHAIRPERSON SHAPIRO: Okay.

8 MR. JAMGOTCHIAN: That's all I wanted to say.

9 CHAIRPERSON SHAPIRO: Okay, Mr. Jamgotchian, okay,
10 you've said it, let's move on.

11 MR. JAMGOTCHIAN: Okay. Additionally, I find it
12 shocking to believe that Darrell Vienna has a contract with
13 the State CHRB totaling \$348,000. Can any of you explain to
14 me what Mr. Vienna's going to be doing that would benefit
15 him by -- and the Board, and the State of California, or the
16 horse racing industry, in the amount of \$348,000.

17 CHAIRPERSON SHAPIRO: Mr. Jamgotchian --

18 MR. JAMGOTCHIAN: I mean, that's three times Ms.
19 Fermins' salary.

20 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, again,
21 that's a contractual matter and it's not a matter that we're
22 going to answer your questions about.

23 MR. JAMGOTCHIAN: But it's --

24 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, we have --

25 MR. JAMGOTCHIAN: Excuse me, I'm not --

1 CHAIRPERSON SHAPIRO: -- if you wish to make
2 comments, we're going to listen to your comment. But we're
3 not going to answer your questions that we don't need to
4 answer.

5 MR. JAMGOTCHIAN: Fine, then don't answer it.
6 Don't answer my question, then. I'm just saying that it
7 seems ridiculous to me that we can't do drug testing, and we
8 can't test vials -- the syringes, rather, they're still
9 sitting up at Davis because there's no money to check them.
10 Melinda Blue has I don't know how many syringes up there
11 that still haven't been checked, because there's no money.

12 Yet, the CHRB can give Mr. Vienna a contract for
13 \$348,000.

14 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, first of
15 all, you haven't read the agreement and, obviously, that
16 agreement is terminable by either party at any time and,
17 therefore, it is not \$348,000.

18 MR. JAMGOTCHIAN: Excuse me, Mr. Shapiro, does the
19 face of that agreement say \$348,000? Yes or no.

20 CHAIRPERSON SHAPIRO: I don't need --

21 EXECUTIVE DIRECTOR FERMIN: You don't need to
22 answer his question.

23 MR. JAMGOTCHIAN: Would you like me to show it to
24 you?

25 CHAIRPERSON SHAPIRO: I don't need to answer it,

1 I'm just telling you you've got your facts wrong.

2 MR. JAMGOTCHIAN: I can tell you this, I got a
3 copy of it.

4 CHAIRPERSON SHAPIRO: Okay.

5 MR. JAMGOTCHIAN: It says 348,000, Mr. Shapiro.
6 If you need a copy, I'll be more than happy to provide it to
7 you.

8 Additionally, I find out, after watching TVG last
9 week, or a couple of weeks ago, there's a horse by the name
10 of Cool Glassy, who was racing in a race, and trained by
11 Bruce Hadley. Bruce Hadley didn't saddle this horse, it was
12 saddled by Gus Hadley, who doesn't even have a trainer's
13 license.

14 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, that
15 matter -- again, these are not matters that the Board should
16 be hearing.

17 MR. JAMGOTCHIAN: This is public comment, Mr.
18 Shapiro.

19 CHAIRPERSON SHAPIRO: No. Mr. Jamgotchian --

20 MR. JAMGOTCHIAN: You're taking public comment
21 time.

22 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, please
23 stop. I'm going to tell you now that that is a matter that
24 has gone before the stewards. It's a stewards matter, it's
25 not something that should come to us.

1 MR. JAMGOTCHIAN: It's already been ruled on.

2 It's already been ruled on and this is public comments, so
3 please do not usurp my comments, because this is public
4 comment.

5 CHAIRPERSON SHAPIRO: Okay, this is inappropriate
6 for us to hear as a Board, we cannot allow you to continue
7 this --

8 MR. JAMGOTCHIAN: It's already been ruled on.

9 CHAIRPERSON SHAPIRO: He can potentially appeal to
10 this Board.

11 MR. JAMGOTCHIAN: Well, okay, I'll accept that it
12 could be appealed. That's fine, I'll accept that.

13 CHAIRPERSON SHAPIRO: Mr. Jamgotchian, you have
14 one minute left.

15 MR. JAMGOTCHIAN: Well, I don't think so, you've
16 been interrupting me more than I've been able to talk.

17 You know what, I will, I'll stop after the next
18 two comments. One of which is that I think that you guys
19 are missing -- you, as a Board, are missing some significant
20 opportunities to benefit the horse racing industry. And,
21 once again, I think it's the leadership issue coming back to
22 bite you.

23 There are trainers, like Jeff Mullens, Doug
24 O'Neal, and other trainers who really want this sport to
25 flourish in this State. There are a lot of owners. I'm

1 sure all the owners up there want this industry to flourish
2 in the State.

3 But none of these trainers, or the people that
4 live in this industry on a daily basis are ever up here to
5 help you. Mullins came up, he even addressed the issue on
6 the reins, but you spent an hour talking about reins. I
7 don't believe that reins are that significant an issue in
8 front of the Board. But I don't see very many people coming
9 up here, in an open forum, to give you communication that's
10 vital in helping you make decisions.

11 Once again, I see the Board over here, I see the
12 racing industry over here. I don't see any unity. And,
13 once again, I believe that's a leadership issue that the
14 Board should address. And if you're interested in
15 addressing it, I think you should address it. If not, the
16 direction of horse racing is clear to me in California, and
17 it is not a very pretty picture. Thank you.

18 CHAIRPERSON SHAPIRO: Thank you. And before,
19 prior to closing the meeting, I would ask that before you
20 leave, if you did speak and you have a business card that
21 you could hand to the court reporter, it would be helpful to
22 him.

23 Our next meeting is on August 17th, and I thank
24 everybody, and this meeting is adjourned. Thank you.

25 Pardon me?

1 MS. CAPOTOSTO: There's an old business item.

2 CHAIRPERSON SHAPIRO: Oh, I'm sorry. There's an
3 old business item, I'm sorry.

4 Melissa Lopez, I'm sorry. I apologize.

5 MS. LOPEZ: Mr. Chairman, this is in regards to
6 your concerns about separate pool and the possibility of any
7 pirating of the --

8 CHAIRPERSON SHAPIRO: Hold on a second, I can't
9 hear you.

10 MS. LOPEZ: -- signals throughout any American
11 racetrack. I know that this item was going to be touched on
12 for the next meeting, if that's okay, we can prepare that
13 for the next meeting or I can, you know, address some of
14 your concerns in regards to that item.

15 CHAIRPERSON SHAPIRO: Okay, please do.

16 MS. LOPEZ: Okay, thank you.

17 COMMISSIONER HARRIS: Are you representing
18 some --

19 MS. LOPEZ: Yes, we represent Caliente, and we
20 handle separate pool contracts for Presidente Ramon
21 (phonetic Spanish).

22 And the issue here is we are handling those
23 separate pool contracts because Panama has an old tote
24 system, the same that was used or was used during the fraud
25 of the pick fix, for the Breeder's Cup of 2002, and they are

1 no able to connect to any of the U.S. systems. That is one
2 of the issues why we prefer to use the separate pool
3 agreements.

4 Another one is that because of tax issues in that
5 country, in Panama, they would have to, you know, do really
6 research as to how they would have to pay taxes and how the
7 money would have to come in and out of the United States.

8 Also, we don't commingle -- Panama doesn't
9 commingle because of the high percentages in the take-outs.

10 Also, we have signals from different American
11 tracks, like Churchill Downs, and Niara, to mention a few.
12 Churchill Downs requested that Panama have an encryption
13 system, so they could read that, so Panama could receive
14 their signal. That encryption system has been installed and
15 it is working, now.

16 We also send weekly reports on handles to each and
17 every one of the tracks. We also send a calendar and advise
18 them, you know, what day their signals will be taken. We
19 also --

20 CHAIRPERSON SHAPIRO: Well, can I suggest that
21 you -- again, this will be on our agenda, we will look into
22 this, and perhaps you could provide us with information
23 prior to the meeting, so that we can review it, but then we
24 will have a discussion item on this matter.

25 MS. LOPEZ: Yes, of course.

1 CHAIRPERSON SHAPIRO: Would that be okay?

2 MS. LOPEZ: Of course. In regards to Mexico,
3 also, there is a website, like a government website.
4 Unfortunately, it does not have an English version at this
5 time, but all of the permit holders are listed in this
6 website. I will forward all of the Board all of the
7 information. And you could review in that website when the
8 permits were issued, and who are the partners or the owners
9 of each of the companies, if their license is revoked or
10 not. If the permit has had any modifications.

11 I am personally working on the translation for the
12 moment, and I'm not sure if the government is aware that
13 they need, that they do need an English version.

14 But, of course, I will prepare and all of the
15 information I'd be willing to send you ahead of time.

16 CHAIRPERSON SHAPIRO: Thank you.

17 MS. LOPEZ: Everything that you might need, you
18 know, to address your concerns. And Mr. Alderman, who is
19 the President of MIR, would be happy to be here the next
20 month to address all of your concerns.

21 CHAIRPERSON SHAPIRO: Thank you, thank you. One
22 last thing -- thank you very much.

23 One last thing, I want -- don't know that I
24 followed up and we should vote on a waiver, on the
25 uncoupling, that we in fact allow Executive Director Fermin

1 to uncouple, on request and review of any submissions that
2 are made to her for stakes races or other races.

3 MR. KNIGHT: It would have to be limited to the
4 California Fair meets right now, because that's the only
5 thing that's on the agenda.

6 CHAIRPERSON SHAPIRO: And that's what I intended.

7 EXECUTIVE DIRECTOR FERMIN: Per stakes.

8 CHAIRPERSON SHAPIRO: Stakes, yes.

9 Therefore, I make a motion that we --

10 COMMISSIONER AMERMAN: Second the motion.

11 CHAIRPERSON SHAPIRO: Second. All in favor?

12 (Ayes.)

13 CHAIRPERSON SHAPIRO: The meeting is adjourned,
14 thank you.

15 (Thereupon the California Horse Racing
16 Board meeting adjourned at 1:45 p.m.)

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CERTIFICATE OF REPORTER

I, TROY RAY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of July, 2006.

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